

School of Accounting

**An Investigation of the Effects of a Moral Education Program on
the Ethical Development of Malaysian Future Accountants**

Maisarah Mohamed Saat

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DECLARATION

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature :

Date :

DEDICATION AND ACKNOWLEDGEMENT

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ABSTRACT

This longitudinal study investigates the ethical development of Malaysian accounting students after completion of a moral education program (MEP) that includes an ethics course and subsequent practical training. Emphasis is placed on the examination of two moral cognitive processes, ethical sensitivity and ethical judgement making ability. The study involves three phases of data collection, prior to an ethics course, after an ethics course and after practical training. It also determines whether there are differences in the ethical development at the post ethics course between religious affiliation, faith maturity, type of institution (public or private), and academic performance. The study also examines whether the content and teaching process of an ethics course influences students' sensitivity and reasoning abilities.

The data collection involves distribution of questionnaires to students over the three phases of the study and one to ethics lecturers. The student questionnaires consist of vignettes developed by Longenecker et al. (1989) to measure ethical sensitivity while Rest's (1986) Defining Issues Test (DIT) was used to gauge students' ethical judgement making ability. Information related to the way an ethics course is taught in different universities were collected from the questionnaire to the ethics lecturers and by examining the ethics syllabi. In the final sample, data from six universities was collected and analysed; two public and two private which provide an ethics course (experiment group), and two universities who do not provide a course (control group). Statistical analyses such as paired tests, factor analysis, regression and correlation were used. General Linear Model Repeated Measures was run to determine the effect of the MEP on the improvement of ethical sensitivity and judgement making ability involving the three phases of data.

Results show that students' ethical sensitivity and judgement making ability significantly improved after attending an ethics course. Muslim students, students from public universities and students with *good* and *average* academic performance were found to improve significantly in ethical sensitivity upon completing the course. Students from 'Other' religions, students from private universities and students with *excellent* academic performance show significant improvement in judgement making ability. Analyses also show that certain characteristics of course objectives, content and expertise produced varying degrees of improvement in ethical sensitivity and judgement making ability. Findings from the third phase data demonstrated that students who undertake practical training did not improve in their ethical sensitivity but improved significantly in their ethical judgement making ability. Students who were assigned various types of tasks improved significantly in their reasoning ability compared to students who focused on a single task. Importantly, results indicate that a MEP significantly improved students' ethical sensitivity and judgement making ability.

This thesis has made an original contribution to Malaysian accounting research by identifying the benefits of an ethics course, practical training and a MEP on ethical sensitivity and ethical judgement making ability and confirming the theory that education and a socialization process influences ethical development. The

implication for Malaysian universities and policy makers in particular is that the results strongly recommend that an ethics course should be introduced in all Malaysian universities offering accounting degrees. Among suggestions to improve the teaching of an ethics course is the inclusion of experiential methods and emphasis on a balance of rule based concepts and theoretical and philosophical issues. As social interaction related to wider non-focused tasks during practical training has a more significant influence than focused training, the study recommends that practical training should be conducted in an unfocused task manner where students are exposed to a variety of tasks and potentially a broader circle of socialisation structures and ethical situations.

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KEY TERMS AND DEFINITIONS

1. **Ethicality** is the state, quality, or manner of being ethical.
2. **Ethical judgement making** ability is a process where a person is able to reason out why a particular action is taken.
3. **Ethical sensitivity** is a process or a component of moral development (refer Rest 1984) where a person has the ability to recognize that there is a moral issue in a situation or recognizes the ethical content of a decision or situation.
4. **Ethics course** is a stand alone subject or unit in the accounting program that generally includes ethical issues related to accounting and business.
5. **Moral education program** refers to participation in an ethics course followed by a period of practical training.
6. **Practical training** is a mandatory part of the accounting program in most Malaysian higher learning institutions. The training is for a minimum of 8 weeks and maximum of 24 weeks, and students are placed in audit firms and other accounting related organizations to experience a real working environment. Students report to a training supervisor appointed by the organization. At the end of the training, students will submit a written report to both their supervisor and the University ethics lecturer and depending on the Universities requirements or the accounting program structure, students either return to their respective institutions to complete the program or graduate upon the completion of the practical training.
7. **Religiosity** is a term used to demonstrate the religiousness of a person based on his/her extent of commitment to God and concern for society.

TABLE OF ACRONYMS

ACRONYM	DETAIL
ACA	Anti-Corruption Agency
ANOVA	Analysis of Variance
BEIM	Business Ethics Institute of Malaysia
CGPA	Cumulative Grade Point Average
CPI	Corruption Perception Index
DIT	Defining Issues Test
DITSV	Defining Issues Test Short Version
GLM	General Linear Model
IES	International Education Standard
IFAC	International Federation of Accountants
MEP	Moral education program
MIA	Malaysian Institute of Accountants
MICG	Malaysian Institute of Corporate Governance
MOHE	Ministry of Higher Education
RA	Religious affiliation
RC	Religious commitment
SC	Security Commission
TGB	Transmile Group Berhad

RESEARCH OUTPUTS

2007	Saat, M.M., Woodbine, G. and Porter S. <i>A Framework On Effective Teaching Of A Business Ethics Course For Accounting Students.</i> 3 rd UNITEN International Business Management Conference 2007 Malacca, Malaysia. 16-18 December 2007.
2008	Saat, M.M., Porter S. And Woodbine, G. <i>Does Religiosity Influence Ethical Sensitivity? An Investigation On Malaysian Future Accountants.</i> Accounting And Finance Association Of Australia And New Zealand (AFAANZ) Conference 2008, Sydney, Australia. 5-7 July 2008.
2008	Saat, M.M. <i>An Evaluation Of Malaysian Students' Ethical Judgement Making Ability: Do Ethics Courses Make A Difference?</i> Curtin Business School Colloquium 2008 Perth. 1-2 October 2008.
2008	Saat, M.M., Woodbine, G., Porter S. and Zainon, S. <i>Can Ethics Courses Improve Students' Ethical Sensitivity And Ethical Judgement? Malaysian Evidence.</i> International Borneo Business Conference, Sabah, Malaysia. 16-18 December 2008.
2009	Saat, M.M., Porter S. And Woodbine, G. <i>The Effectiveness Of Malaysian Ethics Courses On Accounting Students' Ethical Sensitivity: A Survey Based Investigation.</i> European Business Ethics Network UK 2009 Conference Bristol, 6-8 April 2009.
2009	Saat, M.M and Ahmad, R.A. Ethical Exposure During Practical Training. <i>Accountants Today</i> . Vol. 22 No. 7, July 2009.
2009	Saat, M.M. <i>Do Malaysian Accounting Programs Promote Advancement In Students' Ethical Judgement Making Ability? A Longitudinal Study</i> Curtin Business School Colloquium 2009. Perth. 1-2 October 2009.
2009	Saat, M.M., Porter S. And Woodbine, G. (2009). Does Religiosity Influence Ethical Sensitivity? An Investigation On Malaysian Future Accountants. <i>Malaysian Accounting Review</i> , Vol. 8 No. 2, 17-41.

Chapter 1: Introduction to the Study

1.0 Introduction

“What is right is right even if no one is doing it, and what is wrong is wrong even if everyone is doing it”
~ anonymous

From childhood, individuals are taught what is morally good or bad and face many experiences that identify the difference between right and wrong. However, as individuals grow older, morality often becomes situational and the line between right and wrong sometimes blurs when personal needs and desires take precedence over objective moral principles.

As ethics “permeates all aspects of our lives and are always relevant” (Young and Annisette 2009: 8), it is important that one’s moral education be reinforced at every stage of life. A Malay proverb states that education and the teaching of values in particular should start from childhood *“Melentur buluh biarlah waktu rebung”* (If you want to bend a bamboo, do it when it is still a shoot) (Hussain 1989; Lim 2003), which emphasises that teaching morals and values is indeed important and should be instilled during the early stages of life. The importance of education is further emphasised by the Greek biographer and moralist Plutarch (46-120AD), who stated that “The very spring and root of honesty and virtue lie in good education” (Plutarch 46AD-120AD). The focus of this research will investigate ethics education within an accounting program for the preparation of future accountants to become ethical professionals. The research problem this study addresses is whether a moral education program (MEP)¹ or one of its two components (ethics course and practical training) improve the fundamental cognitive processes of ethical sensitivity and judgement-making ability in Malaysian accounting students.

This chapter introduces the thesis by providing a background to the ethical climate in Malaysia, ethical development in general, and amongst Malaysian

¹ A list of Acronyms used in this study can be found in the preface section on page xv.

accounting students, in particular. This background information raises a number of questions in relation to the focus of this study and forms the basis of the development of the research objectives which are outlined in Section 1.2 and justified in Section 1.3, followed by clarification of the ethical dimension in Section 1.4. The chapter then describes the methodology employed in the study (Section 1.5) and introduces some key terms in Section 1.6. The chapter concludes with a clarification of the key assumptions and limitations of the research (Section 1.7) and outlines the structure of the thesis (Section 1.8).

1.1 The Malaysian background

As the focus of this research is ethics in accounting education, this section highlights some ethical cases involving the accounting profession that identifies the need and significance of this research in the Malaysian context. This is followed by a brief overview of the efforts being made in Malaysia to become an ethical nation; the role of accountants as one of the drivers towards achieving this national aspiration; and the general philosophy and recent development of ethics education in the Malaysian accounting curriculum.

A public opinion survey regarding corruption in business conducted in 2002 and 2003 (Embong 2005) highlights that the majority of Malaysian society supports the need for moral values; strongly opposes corruption; and are willing to work with the Anti-Corruption Agency (ACA) to minimise corrupt behaviour in business. The small percentage of the population who are inclined to accept transgressions for personal benefit are predominantly from the private sector (Embong 2005). The presence of various forms of business malpractice affects the image of the whole nation, for, as the Malay proverb (translated) asserts, “because of a drop of blue dye, the whole pot of milk is contaminated” (en.wikiquote.org/wiki/Malay_proverbs). In addition, corruption and unethical behaviour can influence society over the long term because, if it is not dealt with, the next generation will collectively view such behaviour as acceptable.

To address what appears to be a diminishing sense of ethics and integrity in the Malaysian business community, innumerable efforts have been introduced and

implemented to avoid scandals (Ravendran 2006). Despite these efforts, a survey by Transparency International on Malaysia's Corruption Perception Index (CPI) score shows no improvement from 2001 to 2008 (see Table 1.1) (The Star Online 2008). More disturbingly, the CPI recently fell significantly, causing the rank to slide (The Star Online 2009). Additionally, as the number of countries involved in the CPI increase, Malaysia continues to slide in its ranking² (The Star Online 2008). These results highlight that the business community and the public do not believe that the nation has progressed in its integrity and accountability. Although the Index refers to perceptions about public sector corruption levels, it can be accepted as a proxy for business practice as a whole.

Table 1.1: Malaysian Corruption Perception Index trend

Year	CPI Score ^a	Rank ^b	Number of countries
2001	5.0	36	91
2005	5.1	39	159
2006	5.0	44	163
2007	5.1	43	180
2008	5.1	47	180
2009	4.5	56	180

Source: Transparency International (2001-2009)

Legend: ^a CPI is the Corruption Perception Index and ranges between 10 (highly clean) and 0 (highly corrupt); ^b Rank shows the position of one country based on its CPI Score compared to the number of countries in the survey

In Malaysia, recent charges against Transmile Group Berhad (TGB) have been seen as Malaysia's biggest accounting fraud case (Shah 2007). Once a prominent transport provider, TGB directors were found to have misled the government and stakeholders following special audit findings revealing that the company had overstated its revenue from 2004 to 2006, by MYR622³ million. As soon as TGB's financial irregularities were disclosed, two directors (including the former chief financial officer) and a shareholder of NasionCom Holdings Berhad, were charged by the Security Commission (SC) for false information in its 2005 financial statement (Shah 2007). The audit also found that two subsidiaries,

² The rank indicates the position of a particular country based on its score in descending manner.

³ As at November 2009, MYR622 is approximately A\$207.33 million

Southern Bank Berhad and Megan Media Holdings Berhad had, respectively, overstated assets by MYR160 million and reported misleading information that may lead to a MYR456 million assets shortage. A former Malaysian Institute of Accountants (MIA) President claims “there could be Malaysian Enrons” (Zaimee 2007) as the nation was also shaken by an earlier scandal involving Perwaja Steel, a government-owned steel company which faced serious allegations involving the reporting of unreal profits, a questionable payment of MYR76.4 millions and a loss amounting to MYR4 billion over several years (Sangwon and Poh 1997). The case has created endless public recriminations about the credibility of various parties, including the accountant and the auditors.

These cases highlight that issues involving corruption, abuse of power, and economic crime are recurring issues which have become everyday news in Malaysia, and which often involve all levels of professionals within government and business. Many commentators have analysed, criticised and debated why giant corporations like Enron, WorldCom and Tyco have collapsed. However, one common link associated with the collapse of these companies is that one or more individuals failed to act in an ethical manner and were lacking in “a value that is so vital and yet increasingly being deemed unnecessary in the materialistic world we live in” (Ravendran 2006: 15).

Findings from public opinion polls, CPI surveys, and recent corporate scandals highlight that the responsibility for combating corruption cannot be shouldered by the government alone, but require the efforts of all sectors of business, educational institutions and individuals in Malaysian society. Targets and objectives to improve the Malaysian ethical climate will only be achieved if each and every individual takes part in the endeavour.

1.1.1 Malaysia towards an ethical society

Malaysia is a successful developing country and is hoping to become a developed nation by the year 2020 (*Vision 2020 The Way Forward*). In order to be successful, Malaysia has to be managed effectively as well as strive to overcome its weaknesses and shortcomings. A major challenge in this endeavour is the

strengthening of ethics and integrity, due to the fact that, like many emerging economic nations, the Malaysian government and business sector are struggling with transparency, bribery and integrity issues (*Vision 2020 The Way Forward*). Nevertheless, the Malaysian people's awareness and concern for ethics and integrity and their demand for the elimination of corruption, abuse of power and incompetence, have increased (The Star Online 2009). Malaysia could be considered a highly religious nation, with the majority of its citizens espousing strong Islamic principles. This factor compounds the problems identified above, as the majority of Malaysia's business sector operates within a secular context, and educators and professionals have to accommodate the demands of their cultural roots when facing moral dilemmas.

The Malaysian government has set out nine challenges in its Vision 2020. The fourth challenge aims to improve the ethical climate, ensuring that each Malaysian citizen is strong in religious and spiritual values and instilled with the highest of ethical standards, thus creating a fully moral and ethical society by 2020 (*Vision 2020 The Way Forward*). To achieve this aim, commitments from each and every Malaysian are needed. Combined effort and plans not only have to be well-initiated, but properly implemented. Thus, the National Integrity Plan (NIP) was launched and the Malaysian Institute of Integrity (MII) formed in 2004, indicating that Malaysia is serious about finding solutions to eliminating corruption and moving towards creating a highly ethical society.

The elimination of corruption and creating an ethical nation are ambitious targets but the Malaysian government is determined to achieve this endeavour by activating agencies such as the Anti-corruption Agency (ACA), Business Ethics Institute of Malaysia (BEIM) and Malaysian Institute of Corporate Governance (MICG). The ACA's mission is to produce a corruption-free Malaysian society with high spiritual and moral values, while BEIM is committed to promote ethics through education, and to inspire and nurture values such as honesty, fairness, integrity and self-regulation within business (http://www.bpr.gov.my/cda/m_profile/c_visi.php, <http://www.beim.org.my/introduction.shtm>). BEIM also provides a Code of Ethics as guidance on how Malaysian businesses should operate. The aim of MICG is to facilitate and strengthen business and corporate

governance in Malaysia and ensure transparency and accountability. The desired effect is to improve investors' confidence and educate the business society on best practices to not only sustain economic growth but also for the interests of the nation as a whole (<http://www.micg.net/objective.htm>).

1.1.2 Accountants as one of the drivers towards an ethical nation

One business group that contributes to the general well-being of the nation is accountants. Whether in the public (government) or the private (business) sector, accountants are responsible for verifying that all transactions are recorded, validated and reported according to Standards (Harding 1999). It is their duty to protect the public interest, making sure that finances are managed in a proper manner. Accountants perform their duties according to stringent rules and codes of conduct that call for the highest level of ethics and integrity (Harding 1999). Importantly, accountants possess privileged and confidential financial information due to their strategic positions within organisations (Harding 1999). This provides them with the opportunity to use their position to prevent the misuse and manipulation of financial information that might benefit a few (e.g., directors) at the expense of the majority of stakeholders. This concern is supported by the results of the International Federation of Accountants (IFAC) survey, which found that conflicts of interest are the ethical issues most likely faced by accountants in public practice and business entities (IFAC Information Paper 2006).

The public has an expectation that a member of the accounting profession should have high moral values and integrity. The participation of accountants in establishing a fully moral and ethical society will eventually serve to nourish investors' trust, help generate sustainable growth and build confidence in the economy as accountants fulfil their duties as financial gatekeepers (<http://www.mia.org.my/mia/stoppress/detail.asp?id=362>). Consequently, the call for strengthening ethics education in the accounting curriculum is intense, with key accounting professional bodies like the IFAC and major public accounting firms such as PricewaterhouseCoopers carrying out extensive studies on ways to improve the ethicality of trainee accountants. Their studies have concluded that

substantial emphasis should be on ethics education at the university level, even if this is at the expense of technical training (IFAC Information Paper 2006).

1.1.3 Moral education as an integral part of the Malaysian education system

Although there have been recent calls for ethics in higher education, the Malaysian education system has always placed a strong focus on morals and values and this is explicitly reflected in the National Education Philosophy (see Appendix 1.1). Malaysia views moral education as an integral part of the school curriculum, both at the primary and secondary levels, and values are considered to be firmly based on religious beliefs (Ahmad 1998). From the first day of primary school level (age 7 to 12) Muslim⁴ pupils attend *Pendidikan Islam* (Islamic education), which focuses on Islamic ethics, while non-Muslims undertake *Pendidikan Moral* (Moral Education). These subjects have been core components in the education system for the past 20 years. At the secondary level, Malaysian students continue to receive Islamic ethics and moral education. Since moral education is central to the Malaysian education system (Bureau for Policy and Program Coordination USAID 2004), it is expected that future accountants who have been educated in Malaysia should be well equipped with high moral and ethical standards.

However, as detailed earlier, growing controversies involving the accounting profession operating within a secular business world indicate that the current education at school level may be insufficient. In response, the Malaysian Institute of Accountants (MIA) has worked closely with the Ministry of Higher Education Malaysian (MOHE) practitioners and the universities to review the accounting curriculum offered by Malaysian public universities. The report issued by the MOHE (2001) recommended a dedicated business ethics course be included, but did not make this mandatory. With the introduction of International Education Standard (IES) 1-7, educationists saw the need to reassess the accounting

⁴ Throughout the thesis, 'Muslim' refers to a person who embraces the religion of Islam 'Christian' of Christianity, 'Hindu' of Hinduism, 'Buddhist' as a follower of Buddhism and 'Taoist' for Taoism.

curriculum. The government-appointed committee (Ministry of Higher Education Malaysia 2006a) stressed the need for ethics education in the accounting program by including a subject in 'Business Ethics and Corporate Governance' as a compulsory unit in all public universities. The reassessment also emphasised uniformity, suggesting that the syllabus of every subject in the accounting program be clearly outlined and implemented.

Most Malaysian universities have introduced a compulsory ethics course, but even where a course is offered, there remains variation in the content and delivery which raises some interesting questions. Do the accounting programs in Malaysian universities provide an effective ethics education to future accountants? In other words, can a stand-alone ethics course improve accounting students' ethical sensitivity and ethical judgement-making ability? What factors influence accounting students as they become sensitised to ethical issues and how do these factors affect their ethical judgement-making ability?

Most Malaysian accounting students are also required to undertake practical training prior to the completion of their degree. In light of the preceding discussion on the difficulty Malaysia faces to improve the nation's moral position, it also raises the question of whether training enhances ethicality. Further, does an appropriate MEP (inclusive of an ethics course and practical training experience) improve accounting students' ability to increase their sensitivity and make sound ethical judgements? These questions form the basis of this study, which is to examine the ethical development of Malaysian future accountants, and are addressed in the following research objectives.

1.2 Research objectives

Ethics interventions through the education process are said to enhance ethical development (Kohlberg 1976; Rest 1986; Shaub 1994; Dellaportas, Cooper, and Leung 2006). It is argued that ethics education should be a stand-alone course (IFAC Information Paper 2006) because, when it is integrated in other units, the ethics component is inadequately covered (PricewaterhouseCoopers 2003). In the context of this study, ethics interventions are examined through the conduct of

ethics courses and the undertaking of practical training of accounting students during the accounting program.

The majority of the research literature in accounting and business suggests that ethics can be taught and that one's ethicality can be improved with ethics education (McPhail 2001; McPhail 2002; Sims 2002; Armstrong, Ketz, and Owsen 2003; Radtke 2004; Dellaportas 2006; Mintz 2006; Ritter 2006; Harris 2008; Jones 2009). This study will also determine whether there are improvements in accounting students' ethical sensitivity and judgement-making ability as a result of an ethics course intervention. Although this study draws on other pre and post studies that have investigated the effectiveness of an ethics intervention delivered in a stand alone course (LaGrone, Welton, and Davis 1996; Abdolmohammadi and Reeves 2000; Wu 2003; Dellaportas 2006; Shawver 2006; Jones 2009), it differs by using experimental and control groups to ensure validity of the results which several prior studies have failed to do (for example, Abdolmohammadi and Reeves 2000; Dellaportas 2006).

Initially, students enter universities possessing a variety of personal values. Two aspects of moral cognition, ethical sensitivity and ethical judgement-making ability will vary as students are affected by the environment they grow up in (Haron, Ismail, Ibrahim, Mohamed Saat, and Shiobara 2006). For this reason, this study will examine whether there are differences in accounting students' ethical sensitivity and judgement-making ability based on personal demographics, including religious affiliation and faith maturity. Religious affiliation is one's membership of a particular religion or belief. As Malaysia is home to a number of religions, the question arises as to whether one's religious association produces different ethical sensitivity and judgement-making ability and whether this affects the learning process. Even if a person belongs to a particular religion it does not necessarily mean that one is committed to, or practises, their religion. Thus, religiosity, or faith maturity, is also examined whereby faith maturity signifies the degree of priorities, commitments and perspectives on certain religious traits or events (Benson, Donahue, and Erickson 1993). In the context of this study, one's faith maturity will be identified based on the extent of commitment to God and concern for society.

Generally students go through a period of socialisation in their academic life. The academic environment in the Malaysian public universities may be different from the private campuses, as the former have established programs, suitable facilities and operate within an appropriate structure which is well-funded by the government. Therefore, this study examines whether the type of institution (public or private) has an impact on ethical development. Prior studies have examined academic performance as an influencing factor on ethicality (for example, Ahadiat and Mackie 1993; Shaub 1994) and this construct is also examined in this thesis.

Initial examination of the syllabi of ethics courses offered by the accounting faculties in Malaysian universities show that the content and process of ethics courses provided are variable and inconsistent. Therefore, this study will examine and evaluate whether certain pedagogical processes are more effective in terms of their effect on ethicality.

Although studies reveal that an ethics course improves the ethicality of students, the effect may be transitory (LaGrone, Welton, and Davis 1996). However, Dellaportas, Cooper and Leung (2006) found that work placement programs which promote cooperative education show an encouraging improvement in accounting students' ethicality. Thus, a further objective of this research will be to extend the findings of previous studies by examining students' ethical sensitivity and judgement-making ability after they have undertaken practical training provided in the accounting program. The placements and overall nature of practical training which students undertake vary and this will also be examined in order to determine whether the differences in the practical training environment affect students' ethical sensitivity and ethical judgement-making ability. Having analysed the effects of ethics courses and practical training interventions on students' ethical sensitivity and judgement-making ability, the aim is to determine whether the MEP as a whole improves students' ethical sensitivity and judgement-making ability.

This study initially identifies the level of students' cognitive moral development prior to the commencement of the longitudinal field study. Then, the three phase study is conducted to achieve the main objectives which are to:

- (i) determine whether an ethics course will improve accounting students' ethical sensitivity and ethical judgement-making ability and comparing the outcomes with an independent control group.

In addition, with respect to the above objective, this study will;

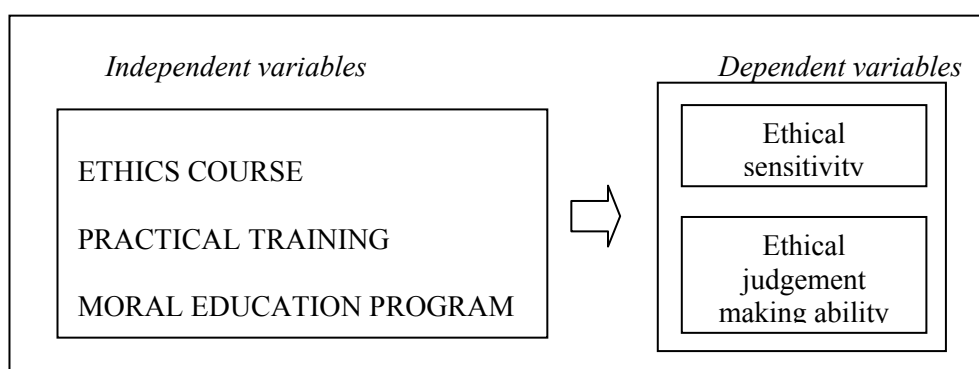
- (a) determine the extent to which religious affiliation, faith maturity, type of institution (public or private) and academic performance explains observed improvements in ethical sensitivity and ethical judgement-making ability.
 - (b) assess the impact of particular content and processes of an ethics course on accounting students' ethical sensitivity and ethical judgement making ability in terms of the way different institutions conduct their courses.
- (ii) determine whether practical training will improve accounting students' ethical sensitivity and ethical judgement-making ability, using a field study approach and comparing the outcomes with an independent control group.

The ethics course and practical training interventions are initially investigated independently. As not every student in the sample will necessarily complete both interventions, this study will further investigate the impact of an MEP, ensuring that the sample only includes those students undertaking both interventions (refer Section 1.5 of this Chapter and detailed in Section 4.3 of Chapter 4). Therefore, the third major objective of this study is to:

- (iii) determine whether an MEP will improve accounting students' ethical sensitivity and ethical judgement-making ability, using a field study approach and control group.

The conceptual schema (Figure 1) illustrates the relationship between the intervention constructs and ethical sensitivity and ethical judgement making ability. The hypotheses are developed in Chapter 3 and extended in Chapter 4.

Figure 1: Conceptual design



1.3 Justification for the research

This study is significant for several reasons. In light of Malaysia's determination to build an ethical nation by 2020, it is critical to assess future accountants who, by the year 2020, would be at the forefront of their careers. An alarming finding from a recent study of Malaysian auditors reveals that their ethical reasoning ability is below average, and is on par with either senior or junior high school students (Haron et al. 2006). These findings highlight the need to investigate this problem. Although studies in ethical development are voluminous (LaGrone, Welton, and Davis 1996; Sweeney and Roberts 1997; Abdolmohammadi and Reeves 2000; Weber and Glyptis 2000; Bonawitz 2002; Kelly 2004; Dellaportas 2006; Dellaportas, Cooper, and Leung 2006; Waples, Antes, Murphy, Connelly, and Mumford 2009), there is little evidence of research on the ethicality of future accountants in the Malaysian setting. Therefore, an empirical study on the ethical sensitivity and ethical judgement-making ability of Malaysian university accounting students would assist in demonstrating the ethical standing of future accountants and auditors.

It is important to note that the longitudinal study being proposed extends prior studies by taking a holistic approach with regard to educational processes. Most longitudinal studies (conducting pre and post investigations of an ethics course) involve investigating a single ethical construct (ethical sensitivity, ethical judgement, ethical intention or ethical behaviour). Even where studies have been extended to include more than one construct (for example, LaGrone, Welton, and Davis 1996), ethics interventions have been limited to examining the impact of an

ethics course rather than other types of interventions. The present study is therefore particularly important in that it includes two of the four constructs, sensitivity and judgement-making ability, and uniquely extends prior investigations of an ethics course by examining the impact of practical training on those ethical constructs. The study further investigates whether an MEP, consisting of an ethics course and practical training, improves students' ethical sensitivity and ethical judgement-making ability. This study is significant as it will establish a direction on how ethics education can be provided most effectively to Malaysian accounting students.

Based on the outcome of this study, the MOHE may want to mandate the inclusion of an ethics course and practical training in the accounting program of both public and private universities. The ministry may collaborate with the MIA and the academics in strengthening the ethics course and in changing the direction of how to teach the course effectively. The outcome of this study will assess whether to teach ethics in a dedicated ethics course or integrate the teaching of ethics within the accounting program.

The investigation of course content and process, as well as practical training described in this thesis, will result in a number of recommendations for establishing relevant MEPs in both public and private universities in Malaysia and which will take into account differences in methodology, including religious preferences. Although the specific analysis of processes associated with ethical sensitivity and judgment-making ability address only the first two of Rest's (1986) four-component model of moral behaviour, it is believed that the educational recommendations presented will, if incorporated within accounting programs, also improve effective processes. As a result of this process, students will graduate with the benefit of having received a comprehensive moral education. In addition, this study is particularly important as there appears to be no literature in the Malaysian setting that distinguishes the effectiveness of ethics courses between public and private universities, and very limited research outside Malaysia.

Research on ethical perspectives of future accountants is critical for practitioners, in that it may alert them to potential problems resulting from low levels of ethical development amongst potential employees. Additionally, understanding the factors that influence one's ethicality (prior ethics education and academic performance) will assist in the recruitment process. Shaub (1994:3) states that "assessing the gains in ethicality from the training is imperative and helpful in setting the agenda for accounting ethics education". As this study will provide feedback to practitioners on whether the practical training they offer assists in the development of students' ethical sensitivity and ethical judgement making ability, the findings may form the basis for improved ethical training by accounting firms and the professional bodies.

1.4 Theoretical framework

Much of the theory connected with this study emanates from the seminal works of Piaget's (1965) theory of cognitive development, Kohlberg's (1976; 1981a; 1984) moral development theory and James Rest's (1986) behavioural model of four processes. Building on this structural hierarchy, constructivism theory is then used to explain how ethics education can be transmitted to students. The interaction of these theories and their relevance to this study are examined in more detail in Chapter 2.

Piaget's theory of cognitive development proposes that knowledge and information cannot be instantly understood and applied when transferred from one human to another. Instead, a person must construct his or her own expert knowledge (Piaget 1965; Kitchener 1986). Kohlberg's theory is based on the belief that individuals go through a cognitive process in moral decision making and the choices they make are based on the level of moral development the individual has attained (Kohlberg 1981a).⁵

⁵ Throughout this paper, the terms moral and ethical (including their derivatives) are used interchangeably as the two concepts are closely related (Kidder 2005; Eastwood, Lamsa, and Sakkinen 2006) and many experts from both psychology and business agree on this interpretation (Velasquez 1998; Eastwood, Lamsa, and Sakkinen 2006; Ianinska and Garcia-Zamor 2006).

Expanding on Kohlberg's idea, Rest (1986) developed a model of four processes. Elm and Weber (1994) indicate that Rest's model of moral judgement-making ability, using a Defining Issues Test (DIT) developed to measure moral reasoning⁶, differs from Kohlberg's in several ways. Importantly, Rest's model assesses "an individual's tendency to use concepts of justice based on cooperation in his or her moral thinking, while Kohlberg's model assesses an individual's use of justice concepts, focusing more on exchange and individual interest" (Elm and Weber 1994: 346).

The first two components⁷ of Rest's four component model, ethical sensitivity and ethical judgement-making ability, are examined in this study. These components are based on the proposition that moral behaviour could be demonstrated when an individual can sensitise and understand a particular ethical situation, and also the ability to reason out why a particular course of action will be taken (Blasi 1980; Myyry 2003). Ethical sensitivity and judgement-making ability will be assessed independently, within the context of the intervention constructs of ethics courses and practical training experience undertaken during an accounting program.

While Kohlberg and Rest acknowledge moral development is influenced by social factors, Bandura's social cognitive theory stresses that self-regulation and a network of social influence actually moulds moral judgement and governs the nature of moral standards (Bandura 1991). Bandura argues that with social influences and personal factors interacting, transgressive conduct is controlled by incentives and sanctions. Trevino (1986) focuses on the pressures and influences within an organisation and their effect on ethical development. Both Kohlberg and Rest emphasise the role of education in shaping and improving one's morality. When considering how ethics education can be transmitted to students, this research embraces the role of constructivism theory. Constructivism is concerned with knowledge and learning and is based on the assumption that

⁶ The terms reasoning and judgement are used interchangeably when using DIT as a measurement, [see for example, Narvaez et al. (1999) and Rest et. al (1999a)]

⁷ The focus on these two constructs is primarily due to the objective of the ethics course provided in Malaysian institutions which aims to improve students' ethical awareness/sensitivity and judgement. Measuring intention and character require additional instruments, resulting in an even more lengthy set of questionnaires and greater sample attrition.

knowledge is constructed by learners from their personal experience and communication with society (Driscoll 2000; Gadotti 2002; Almala 2006; Woo and Reeves 2007) which is consistent with Bandura's theory that society influences one's ethical thinking. Constructivism focuses on learners, instructors and the learning process. In the context of ethics education, constructivists suggest that educators should consider students' knowledge and past experience before determining what and how to teach (Huitt 2003).

Education interventions in general aim to provide ethical concepts, make one aware of ethical issues and foster ethical reasoning with the expectation that students will apply these concepts when dealing with a given ethical dilemma. This aim, which the Institute of Business Ethics (2007) refers to as a cognitive aim, provides and equips students with ethical knowledge, rather than an affective aim, which has the objective of influencing students attitudes and behaviour. A cognitive objective is promoted in an educational setting as students, once they enter the workplace, will not have the constant reinforcement of their educators and must therefore possess the skills and knowledge to identify and deal with ethical dilemmas.

Past studies suggest that ethical sensitivity and judgement-making ability are influenced by various demographic factors (Rest 1986; Rest and Narvaez 1994). This study concentrates on two factors, personal and academic, which may have some bearing on how students relate to issues (sensitivity) and reason, through an appropriate course of action (judgement-making ability).

In short, many ethics courses are delivered with the belief that students will apply ethical knowledge when faced with ethical situations in the future. Improving individuals' levels of ethical sensitivity and ethical judgement-making ability can be a precursor to moral behaviour as numerous researchers posit a relationship between moral thought and action (Blasi 1980; Pascarella and Terenzini 2005). Indeed, research indicates that development in ethical judgement-making ability has a positive relationship on ethical behaviour. It is also thought that knowledge and attitudes can be learned and will lead to an inclination to respond consistently to a favourable or unfavourable event (Ajzen 1988).

1.5 Methodology

A positivistic approach, recognising the relevance of pre-existing theories of ethical development, has been applied in this study. Epistemologically, the view taken is that ethics knowledge can be acquired and will influence how and why a person acts when confronted with ethical situations. By combining information from how one will perceive and subsequently judge ethical situations, the prediction of behaviour or action will be strengthened.

A combination of methods was used to collect and analyse data. Two sets of questionnaires were developed, one for accounting students and another for the ethics lecturers. The questionnaires intended for students were distributed in three phases. The first phase questionnaire was given to students prior to exposure to any formal ethics course in the accounting program (refer Appendix 1.2)⁸. The second phase questionnaire was implemented after students (forming the Experiment group) had completed the ethics course (refer Appendix 1.3), with the third phase given to students at the completion of practical training as required in the program (refer Appendix 1.4). Independent control group subjects were also included in each phase of the survey. The interval between the three phases was approximately six months. The ethics lecturers questionnaire was distributed at the beginning of the student data collection process (refer Appendix 1.5).

Sample attrition, or individuals that, for whatever reason, drop out of a random sample, is common in samples of individuals who are observed over time (Grasdal 2001). As data is collected from multiple locations, over time, and different levels of cooperation are expected to be received from the various institutions, student attrition will occur in this three phase study. Therefore, to ensure validity of the results, only those students who participate in Phase 1 and 2 will be included in evaluating the impact of an ethics course on ethical cognition; those participating in Phase 2 and 3 will be included on the impact of practical training; and those participating in all three phases will be included in analysing the impact of an MEP. Various statistical analyses is undertaken including paired

⁸ There will be times throughout this thesis that the terms Phase 1, 2 and 3 will be used instead of first phase, second phase and third phase. These terms are interchangeable with the former terms and are predominantly used in tables for formatting purposes.

t-tests and factor analysis on the effects of an ethics course and practical training with General Linear Model Repeated Measures employed to measure the effect of the MEP (refer Chapter 4, Table 4.8 for details of the statistical tools used in this study).

Ethics course syllabi from the universities included in the sample design were also collected and analysed. Based on the content of the syllabi a generic list of major headings was devised to enable a comparison between syllabi (refer Chapter 7, Section 7.2 for a detailed discussion). A qualitative assessment of ethics courses in terms of their objectives, content, expertise and process was also undertaken and is discussed in Section 7.4 of Chapter 7 relative to the observed changes in ethical sensitivity and judgement making.

1.6 Definitions of key terminology

Throughout the chapters, the following terms are frequently used⁹:

(a) Morals and ethics

Morals are concerned with the principles of right and wrong behaviour while ethics is a branch of philosophy, defined as a system of moral principles (Hornby 1989). Haron et al. (2006) argue that while morals and ethics both deal with the principles of right and wrong, what is morally right or wrong is based on universal values, whereas what is ethical or unethical will depend on a standard set of rules of conduct underlined by a certain society, profession or organisation. However, throughout this thesis, the terms moral and ethical (including their derivatives) can be used interchangeably as the two concepts are closely related (Venezia 2004; Kidder 2005; Eastwood, Lamsa, and Sakkinen 2006) with agreement on this interpretation supported by many experts from both psychology and business (Velasquez 1998; Eastwood, Ianinska and Garcia-Zamor 2006).

(b) Accounting program and Moral Education Program (MEP)

⁹ A full list of key definitions and terminology can be found in the preface section of this thesis on page xiv.

Accounting program in Malaysian universities refers to a structured program consisting of a number of units to be completed by accounting students. Malaysian universities' accounting programs range from three to four years in duration, depending on the universities offering the degree. In the context of this study, the term MEP refers to the combined interventions of an ethics course and practical training, and is one of the objectives of this study which investigates the moral aspects students gain during these interventions.

(c) Ethics course

In the context of this study, an ethics course refers to a dedicated or stand alone course (also termed a unit or subject) on ethics required by the accounting program. In Malaysia, although there is no consensus on the content and approach of teaching ethics to accounting students, accounting programs in the public universities at the time of this study label the course as business ethics. Some private universities use the term Business Ethics or Professional Ethics.

(d) Practical training

Practical training is a component of the accounting program in most Malaysian universities. Students are placed in audit firms and other accounting related organizations to experience a real working environment. Depending on the University requirements, students either return to their respective universities to complete the education program or graduate on the completion of the practical training (refer preface on page xiv for more details).

1.7 Key assumptions and delimitations of scope

There are three key assumptions which may limit the scope of the study. Firstly, this study assumes that the results from the measurement (using validated instruments) of ethical sensitivity and judgement-making ability, as independent cognitive processes, will provide an indication on the effectiveness of the teaching of an ethics course. However, direct opinions on teaching effectiveness are not gathered from students with the effectiveness of an ethics course only measured in terms of the improvement to student ethicality. Although this could

be considered a limitation of this study, it prevents any confidentiality issues in relation to the lecturers.

A second possible limitation is the available sample size of accounting students who participated in the pre and post phase. Where students dropped out in the second or third phase of this study, and their responses could not be captured, this study assumes that those students who did complete the pre and post test represent valid samples of the population of the class. Thirdly, this study assumes that all religions (and beliefs) in general, and particularly in Malaysia, have similar emphasis and expectations from their devotees, although some religions follow strict adherence to rules like Islam, Hinduism and Christianity (Burks and Sellani 2008) while others like Buddhism are more principles based. Accordingly, descriptions on the nature of each religion are perceived to be unnecessary.

This research also assumes that the qualitative part of this study involving the evaluation of the ethics course syllabi is relevant at the point when data and information are gathered. In this study, the syllabi were gathered in the first of the three phases. It is acknowledged that changes may have subsequently been made to course content and objectives in response to the needs of stakeholders, and that any recommendations made from this study will need to take this into consideration. The short version of the DIT developed by Rest (1986) contains scenarios that are more general in nature and not specifically focused on accounting ethical issues. While this may be perceived as a limitation, the DIT has been extensively used in research investigating ethical judgement-making ability and has been proven to be highly reliable and valid. To ensure that there is a more direct relation to accounting students in assessing ethical sensitivity, several additional questions relating to accounting and business generally were adopted from Longenecker et al. (1989).

1.8 Outline of the thesis

Chapter 1 introduces the thesis by providing background information on the Malaysian educational system and ethical climate, identifying the research problem and clarifying the purpose and objectives of the study. The chapter then

justifies its contribution and clarifies the key assumptions and limitations. Chapter 2 reflects the underlying theories on ethical sensitivity and judgement-making ability and the related constructivist education learning theory. Chapter 3 reviews the ethics intervention literature and hypotheses development. Chapter 4 describes the method used in this study and reports the results of the pilot study. Chapter 5 and Chapter 6 analyse and report the findings of ethical sensitivity and ethical judgement-making ability, respectively, after the interventions of an ethics course and practical training and the combined effects of these interventions. Chapter 7 presents the comparative analysis of the ethics syllabi from sample universities and reports the qualitative feedback from students on their experience. The findings and results of the hypotheses developed from the three phases of data collection are summarised and reflected on in Chapter 8 which also discusses the implications and limitations of this study and provides recommendations for future research. Each chapter begins with a quote on morality, reflecting the mood and content of the chapter.

1.9 Summary

This chapter lays the foundations for the study by introducing the research problem, the research background and addresses the significance of the study. In brief, accountants need to act ethically in performing their duties, as their actions affect society at large. Before entering the profession, future accountants should be equipped with an adequate ethics education and assessing their ethicality in terms of ethical sensitivity and ethical judgement-making ability, in particular, is imperative. This foundation justifies the continuation of the research and the issues to be examined. The theoretical position adopted will be briefly summarised, the key assumptions and limitations of the research are then presented, followed by an outline of the thesis which will allow an ordered and descriptive approach to be followed. To gain an understanding of the nature of this study, Chapter 2 will discuss the underlying theories on ethics and education.

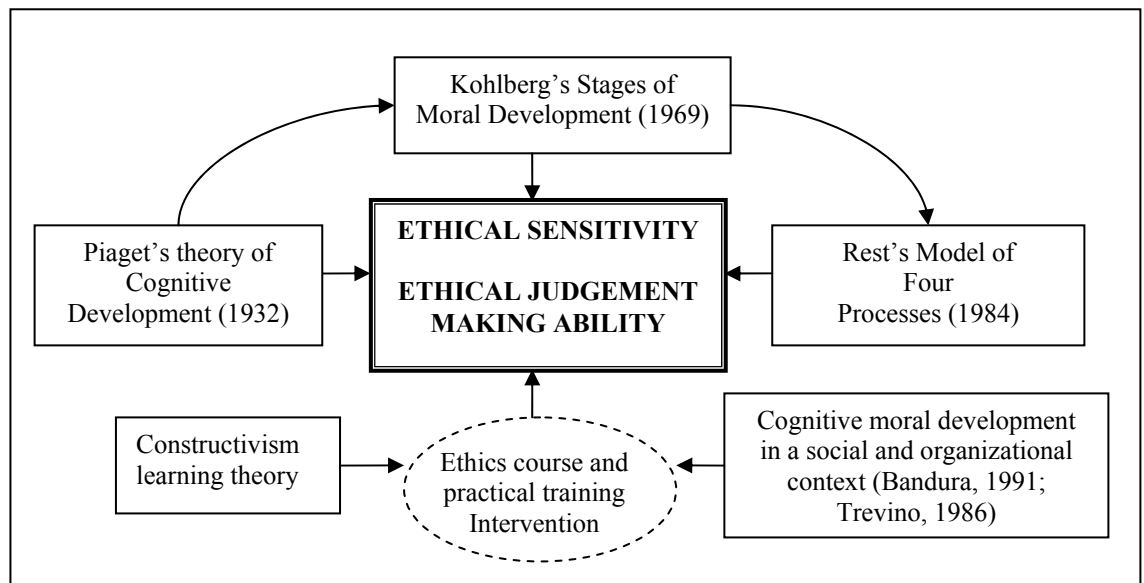
Chapter 2: Theoretical Framework

“Nations survive as long as their morality is alive. When their morality is gone, they too perish”
~Ahmad Shawqi Bey (1890)

2.0 Introduction

Physical and mental development progresses from child hood and is influenced by numerous factors including genetic makeup, the external environment and the influence of others. The various stages of progression will vary as a result. The development and progression of ethical behaviour is no different and there are a number of theories that explore the stages of ethical behaviour and factors that influence that behaviour. This chapter examines several of those theories that explain the form of moral thinking, or the structural hierarchy of cognitive and moral development, of individuals. Of particular importance is Jean Piaget’s (1965) theory of cognitive development (Section 2.1), Lawrence Kohlberg’s (1976) moral development theory (Section 2.2) and James Rest’s (1986) behavioural model of four processes (Section 2.3). Also relevant to this study is Bandura’s (1991) social cognitive theory, which illustrates that social and personal factors influence an individuals’ ethical development, and Trevino (1986) who proposes a model that combines cognitive, individual traits and situational moderators to ethical behaviour in the organisational context. Building on this structural hierarchy, constructivism theory proposes that knowledge is constructed by learners from their personal experience and communication with society (Driscoll 2000; Gadotti 2002; Almala 2006; Woo and Reeves 2007) and focuses on learners, instructors and the learning process (Section 2.5). Friere’s constructivism learning theory appears to be the motivator for the current view on ethics intervention courses. From the theory and past literature on ethics teaching, this study identifies a framework of ethical development as illustrated in Figure 2.1.

Figure 2.1: Moral development theories contributing to the research



2.1 Piaget's Cognitive Development

Early psychologists and philosophers such as Jean Jacques Rousseau, Emile Durkheim and John Dewey have contributed to the development of modern ethics theories (Porco 2003). Rosseau believed that a person's morality develops as he grows, and that experience is a true moral lesson. He also highlighted the importance of a moral upbringing as it nurtures the spiritual moral strength in individuals. On the other hand, Durkheim (1969) emphasises the influence of society in stimulating an individuals moral behaviour. He suggests that an effective moral education should build a strong connection between an individual and his society. Durkheim also believed that religion provides justification of obedience to rules. Consistent with Durkheim, Dewey maintains that moral development occurs as individuals have greater experience with society and eventually make moral reasoning with the goal of maintaining their religious and intellectual pursuits. Dewey also stressed the importance of effective moral education and viewed that it should be embedded in all subjects taught.

Based on these works, Jean Piaget embarked on an extensive study on cognitive development, focussing on the basic concepts and reasoning developed among children (Porco 2003: 29). Piaget's theory of cognitive development proposes that

knowledge and information cannot be instantly understood and applied when transferred from one human to another. Instead, a person must construct his or her own expert knowledge (Kitchener 1986).

According to Piaget (in Kitchener 1986), human cognition develops in four basic stages (refer Table 2.1). From the moment a child is born, he or she will undergo the first stage of development referred to as the Sensori-motor stage, when newborns to toddlers react accordingly to reflective, repetitive and structured activities. For example, a child will suck when an object is placed in his mouth or shake a rattle to hear a sound. Piaget claims that this pre-moral period experienced in the first few years of life is based on “pure external action” (Kitchener 1986: 17). At this age, there is limited comprehension of rules and no distinguishing between self and the world (Bancroft 2002). As a pioneer to the constructivist theory of learning, Piaget presented the case for humans constructing their own knowledge.

Table 2.1: Piaget’s Six Stages of Moral Development

Stage	Period	Function	Orientation
1	0 – 2 years	Sensori-motor	Pure external action and egocentrism.
2	2 – 7 years	Pre-concrete operational	Semiotic function
3	7 – 12 years	Concrete operational	Logical thought and problem solving
4	12 – 15 years	Formal Operational	Deductive reasoning

Source: Kitchener (1986)

According to Piaget, when the child is able to imitate and play independently, progression to the second preoperational stage will occur (in Kitchener 1986). From toddler to pre-schooler, a child communicates his or her thoughts verbally and non-verbally based on perceptual experiences. This is also the stage when a child is able to solve problems and organize his thoughts (Bancroft 2002). However, Piaget describes these two stages as ‘morality of constraint’ because at early childhood, a child cannot distinguish the underlying justification for what is right and wrong, but merely conforms to the moral rules of adults (Porco 2003). For example, when a child is asked by the mother to share toys with others, it is done so (or not!) out of obedience.

The child is considered as moving to the third stage when logical thought occurs and cognitive skills develop. As the child starts school and communicates with peers and adults, he/she will take into consideration other points of view and begin to understand and adhere to rules. At this point, the child shares toys and belongings because awareness develops that failure to do so may result in rejection. In stage four, the formal operational stage, Piaget claims that an adolescent reaches the highest level of logical thinking, and is able to make judgements by engaging in abstract and hypothetical situations. Reaching this stage, an adolescent is said to conform to morality of cooperation through mutual respect between him and his surroundings (peers, adults). Piaget also proposes that peer interaction may contribute significantly to the development of morality as the communication helps a child to distinguish between various perceptions. Piaget explains that a child goes through a process of construction and reconstruction during the exchange of ideas or even during arguments with peers (Kitchener 1986).

In his concept of development, Piaget “includes both the notion of normative end point and the correlative notion of direction (development moves towards this end point) and progress”¹⁰ (Kitchener 1986: 29). Piaget is concerned with epistemological development where knowledge and learning have the power to enhance one’s morality. Some claim that he pioneered constructivist learning theories, which is examined in Section 2.5 (Kitchener 1986; De Lisi 2002; Huitt 2003).

In conclusion, Piaget reveals that one’s (using a child as his surrogate) moral development advances through knowledge and interaction with the environment. This can also happen in an ethics course where knowledge imparted to students in an appropriate manner and during socialisation can improve reasoning ability, thus supporting the need for a sound ethics education program. As the remainder of this chapter emphasises, Piaget’s theory of cognitive development has greatly influenced the area of moral education, psychology and education in general.

¹⁰ Parenthesis in original quote.

2.2 Kohlberg's Theory of Moral Development

Kohlberg's theory extends Piaget's view by positing that individuals go through a cognitive process in moral decision making and the choices an individual makes are based on the level of moral development the individual has attained (Kohlberg 1976). His theory of moral development, focusing on *macro morality* issues suggests that as individuals continue in their education and acquire life experiences, their moral judgements improve through a sequence of stages (Rest, Narvaez, Bebeau, and Thoma 1999a). Based on moral psychology and moral philosophy, Kohlberg's theory proposes three levels of moral development with each level subdivided into two stages. Each subsequent stage is higher than previous stages and it is based on principles of justice (refer Table 2.2).

Table 2.2: Kohlberg's Six Stages of Moral Development

Level	Morality defined	Stage	Moral motivation
Pre-conventional	Self-centred ethics	1	Obedience, avoidance of punishment
		2	Self-interest, gain rewards
Conventional	Social group	3	Good interpersonal relationships, should live up to the expectations
		4	Adherence to legal and moral codes/maintaining social order
Post-conventional	Universal ethical principles	5	Social contract and individual's right
		6	Self-chosen ethical principles

Source: (Kohlberg 1984; Porco 2003; Dellaportas 2006)

The first level, the Pre-conventional level, refers to the self-centred ethics of convenience. At Stage 1 of this level, the individual obeys the rules to avoid harm and punishment or to become involved in any physical damage to property and persons. Stage 2 concerns self-interest, where right behaviour is chosen to gain personal rewards from others or choices are made amongst alternatives that result in a benefit to oneself.

The second level is the Conventional ethics of conformity, where individuals are concerned about society and society's perceptions of them. An individual exhibits group loyalty as a 'nice' person at Stage 3 when he or she is concerned

with fulfilling the expectation of others and maintaining positive, interpersonal long term relationships. From this relationship comes a sense of fairness where there is mutual loyalty and dedication between the parties, moving an individual into Stage 4. This stage is where an individual follows national law and order as it is seen as a duty to behave in an appropriate manner in a given situation.

The Post-conventional level is the highest level in Kohlberg's model. This level is where an individual adopts an inner conscience, "beyond the limitations of the law and societal norms" (Woodbine 2002: 54) and the rights of individuals are theorized to exist separately from the rights of the society. In Stage 5, the acceptable behaviour is a combination of individuals' rights and principles agreed upon by society. It is where an individual follows a principled-based ethics of Social Contract, Natural Law and Utilitarianism which Kohlberg (1981a) also termed as a principle of tolerance. In Stage 6, the acceptable behaviour means acting according to an individual's own advanced ethical principles, including unwritten global deontological ethical principles of justice, duty and equal human rights. Kohlberg (1981a) asserts that individuals at this level believe in justice, fairness and universal human rights.

Although ethical values and moral attitudes may start with parents and cultural influences, what an individual learns during childhood will diminish if not reinforced over time due to various influences (Kohlberg 1984). One method of reinforcement may be through formal ethics education and exposure to the society. Similar to Piaget, Kohlberg stresses the importance of knowledge and social cooperation to encourage moral development (Porco 2003). In other words, knowledge acquisition and social experiences may influence the speed at which one progresses from one stage to another. Kohlberg (1981b) also claims that moral reasoning develops in sequence following the order shown in Table 2.2 and individuals from all cultures experience similar development. However, research investigating the influence of culture reveals that individuals from different cultural backgrounds display different sets of moral judgement which challenges Kohlberg's claim (Burns and Brady 1996; Husted, Dozier, McMahon, and Kattan 1996; David, Patricia McCourt, Peter, and Andrew 2001; Karande, Rao, and Singhapakdi 2002; Patel 2003; Axinn, Blair, and Thach 2004; Jaafar,

Kolodinsky, McCarthy, and Schroder 2004; Velayutham and Perera 2004; Venezia 2004; Smith and Hume 2005; Ahmad, Houghton, and Yusof 2006; O'Leary and Mohamad 2006).

Kohlberg (1984: 2) also asserts that “the effective reinforcers are matters of observation and no one can dispute them”. Observation can be a strong influence on moral development. In the context of this study, University students observe and may be influenced by the actions of their lecturers and peers, University policies and the campus environment. This is also the stage when these students are able to reason out why certain behaviour is acceptable or not acceptable. During practical training, students observe how their colleagues, supervisors, partners and clients do business.

Although Kohlberg's theory of moral development centres on cognition, he also argues that the emotions of shame, guilt and fear are also present. For example, Kohlberg's first stage of punishment avoidance indicates fear. Guilt arises from the perception of failure to live up to the expectations of others in Stage 3 (Woodbine 2002). Shame can be associated with Stage 4 where duty has been neglected or poorly performed.

In connecting culture and emotional content, a study by Velayutham and Perera (2004) on the relationship between accountability as a primary objective of financial reporting, and emotional states, shows that guilt and shame are likely to influence accountability. The authors explain that in cultures where the emotional state of shame is common place, people are not inclined to be transparent or open, thus acceptance of accountability is likely to be weak. They also claim that typical shame experiences are common in collective, large power-distance and high uncertainty avoidance cultures. Asian races are generally considered to have a collective culture (Hofstede 2001; MacNab, Brislin, Worthley, Galperin, and et al. 2007) where they are strongly bound in a group that protects each other. This is particularly true in major cultures or ethnicities in Malaysia, namely the Malay, Chinese and Indian. For example, humility (face or self-respect) is among the top values embraced by the Malay (Rashid and Ho 2003). Thus, in order not to lose face, they are more inclined to hide the truth and not to be whistle blowers.

Similarly, the sense of belonging is the second top moral value in Indian culture, emphasising their nature of collectivism. Chinese (being the second major ethnic in Malaysia) are also collective in nature, and in the context of business, fear of retaliation and fear of media coverage (shame) were found to discourage whistle-blowing in a Chinese society (Hwang, Staley, Chen, and Lan 2008) illustrating that shame or losing face motivates actions that may negatively impact on society. In contrast, typical guilt experiences are more pronounced in individualistic and small power distance cultures, mainly among Westerners (Hofstede 2001; Velayutham and Perera 2004). Individuals in this group are inclined to tell the truth (example, whistle blow) to protect themselves, and would feel guilty and unworthy if they fail to do so (McDonald 2002).

Rest, Narvaez, Bebeau and Thoma (1999b) claim that Kohlberg's six stage model can only be referred to in a general form. This generalization limits the discussion of more specific issues in professional ethics, for example, the issues of confidentiality, independence or transparency or whistle-blowing in the domain of accounting.

Kohlberg's writings focus on moral judgement as he purports that

...action is not moral action unless it is generated by moral reasoning (judgement) and motives (intention), thus we cannot study moral action merely by observing behaviour, rather we must inquire into the processes of moral judgement and decision making that necessarily underlie moral action, as well as the action itself...we must study the process by which people resolve the dilemmas that they actually face in their lives (Kohlberg 1981b: 36).

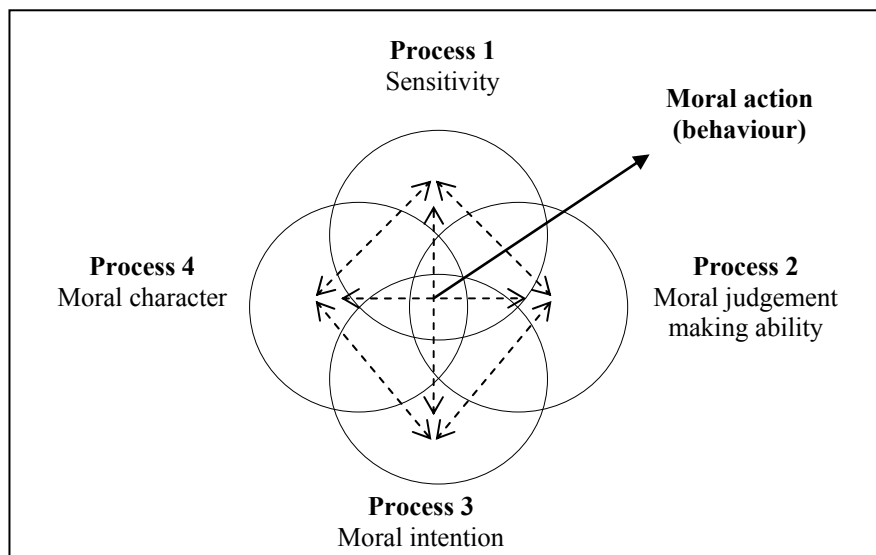
Although moral judgement is an important component in guiding how one behaves, it is the only component discussed in Kohlberg's theory (Rest et al. 1999b). Hence, based on Kohlberg's theory, James Rest developed a revision of the developmental process of moral judgement into a model of four processes.

2.3 Rest's Model of Four Processes

Like Kohlberg, Rest et al. (1999a) is concerned with moral development where individuals can progress from one stage to another. They also share a similar view that adolescents shift sequentially from conventional to post conventional moral thinking when reaching adulthood. Extending Kohlberg's explanation, Rest et al. (1997) assert that several factors such as education, religion and social environment can affect moral development whereby an individual achieves better reasoning, thus choosing higher stages of justification and is less accepting of lower stages of thinking (Rest et al. 1997). This is because, "development is a matter of shifting distributions of stages rather than the move from one stage completely into next" Rest et al. (1997: 499).

Similar to Kohlberg's theory of moral development, cognition is the basis of Rest's four processes (Rest et al. 1999a). Rest (1984) proposes that in behaving morally, a person performs four processes; moral sensitivity, moral judgement making ability, moral intention and moral character. These processes are illustrated in Figure 2.2 and detailed below.

Figure 2.2: Rest's Model of Four Processes



Source: Woodbine (2002:4)

Both Kohlberg's and Rest's models highlight how individuals construct the concepts of right, duty and justice based on their experiences (Rest et al. 1999a).

But according to Rests theory “although the process appears to be linear in occurrence, the processes can work interactively within the mind of the individual” (Woodbine 2002: 4) and “different processes are the starting points for different approaches to morality” (Rest et al. 1999b: 6).

1. *Moral sensitivity*

In this process, an individual generally has the ability to recognize that there is a moral issue in a situation or recognises the ethical content of a decision-situation, which serves as a kind of triggering mechanism that begins the ethical decision making process (Sparks and Merenski 2000). However, it does not imply ethicality or infer the outcome of the decision process. The terms ‘moral perception’, ‘moral awareness’ and ‘moral recognition’ have also been used to describe this process (Gautschi and Jones 1998; David et al. 2001; Lowry 2003; Wu 2003; Conroy and Emerson 2004). A person is said to be able to identify the party(s) involved in a particular situation, is aware of how various actions would affect the parties concerned and can imagine the cause-effect chains of events (Rest 1984). It is an immediate response to a particular situation which involves constructing different possible scenarios for a situation and imagining how different actions might impact the participants in the particular situation (Myyry 2003).

This process involves an individual undertaking role taking, but it is necessary that the person realizes that violating some moral norm, or allowing unethical situations to occur, can “affect the needs, interest, welfare and expectation of others” (Rest 1984: 21). However, Rest (1984) asserts that not everyone has the ability to interpret situations or be sensitive to unethical situations. Thus, disparity exists in how sensitive an individual is to a particular moral situation. In other words, a person highly sensitive in one situation might be relatively insensitive in another (Myyry 2003). Sparks and Merenski (2000) also argue that ethical sensitivity is content specific, an individual who demonstrates great ethical sensitivity in one situation may be quite ethically insensitive in another. This is because individuals exercise role-taking when confronted with ethical dilemmas or ethical situations. Hoffman (2000) proposed three types of role-taking, self-focused, other-focused and the combination of the two. Self-focused role-taking

is when people imagine how they themselves would feel in the situation while other-focused role-taking is when they imagine how another person is feeling. The combination of both roles is when people shift back and forth between self-focused and other-focused role-taking.

Most importantly, extending Kohlberg's emotional content, Rest stresses that recognizing ethical issues does not only involve cognition but also affection. According to Rest (1984), this process involves "trying to understand our gut feeling on the matter" (Rest 1984: 21) as empathy, anger or anxiety may be present prior to reflecting or contemplating on a social situation. Although affection helps in interpreting questionable situations, it may not be a useful guide for making moral judgement. Therefore affection must interact with cognition when identifying the moral course of action to take and the consequences a situation can have on all parties.

2. *Moral judgement making ability*

Rest argues that moral judgement may differ between individuals or groups in terms of one's ability to (1999b: 132):

- (i) perceive larger, more complex, meaningful patterns in given information
- (ii) having better schema selection as well as schema availability
- (iii) immediately transfer information to or activate a larger long-term memory network
- (iv) derive a set of retrieval cues that facilitate the recall of meaningful information later, or
- (v) efficiently suppress inappropriate associations.

After recognising a moral issue exists, visualizing the course of action and the possible consequences, an individual tries to reason out why a particular action is taken in a moral sense-purportedly. Rest (1984) claims that during this process a person develops cognitively using an advanced "understanding of the purpose, function and nature of social cooperation" (Rest 1984: 22). Some social experiences have a permanent impact on one's judgement and the general concept of justice is used as rationalization. Thus, to rationalize a moral course of action, a person would use the concepts of cooperation and justice to assist in their

consideration. Describing Kohlberg's six stages of moral reasoning, Rest (1984: 22) emphasises that from simple levels of cooperation at a lower stage involving children, an individual becomes aware and progresses to "more complicated schemes of cooperation involving long-term, society networks and institutionalized role systems....called stages of moral reasoning".. Although the justice concept is generally used in ethical judgement, Rest (1984) claims that social or cultural norms, political ideology and religious belief may take superior roles than the concept of justice. As one of the issues in this study, it is hypothesized that religious teaching and religious domain may influence one's ethical judgement ability.

3. *Moral motivation*

When moral justification and judgement have been recognised, the next step in the process is deciding or imagining a desired outcome (Rest 1984). In other words, this process refers to the moral intention or orientation of the individual. It is either a conscious or unconscious reconsideration of principles (Woodbine 2002) in relation to the degree of commitment in taking a particular course of action, choosing one moral value over another, and taking personal responsibility for the outcomes of their actions (Rest 1986). The level of commitment is a function of one's circumstances and position. According to Rest (1984) cognition and affection are interconnected. For example, a person in a good mood or who has just experienced a rewarding moment is inclined to act in a socially acceptable manner.

4. *Moral character*

In this process, one performs what one believes to be a moral action. The person will persist with the task, having courage, overcoming fatigue, avoiding temptations, and implementing subroutines to support a moral choice. This highlights that in addition to the generally extensive judgment process required in a moral conflict, emotions will also influence a particular moral action (Woodbine 2002).

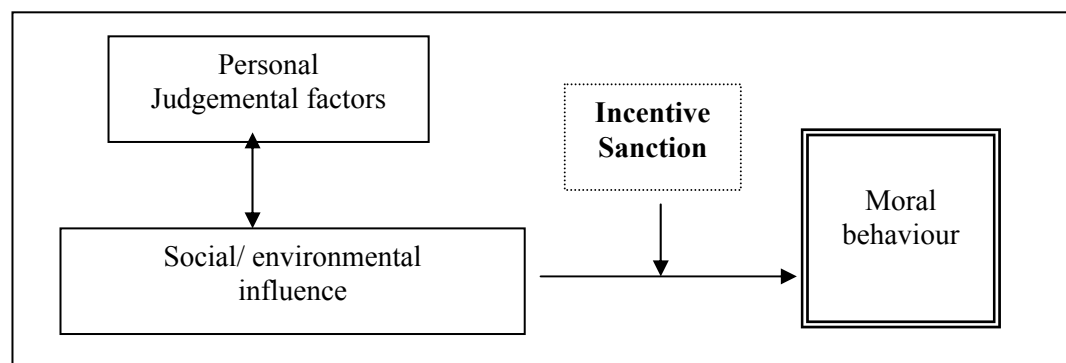
Myyry (2003) highlights that Rest's model is situation-specific in a way that different situations promote different kinds of interpretations and moral

judgements, heighten the importance of some values compared to others, and encourage an individual to implement a moral act or discourage action. Since this study is in a Malaysian setting where the nation is collective in nature, actions may be taken after considering the social perspective.

2.4 Social cognitive theory

While Kohlberg and Rest acknowledge moral development is influenced by social factors, Bandura's social cognitive theory stresses that self-regulation and a network of social influence actually moulds moral judgement and governs the nature of moral standards (Bandura 1991). He argues that with social influences and personal factors interacting, transgressive conduct is controlled by incentives and sanctions (Bandura 1991) (see Figure 2.3).

Figure 2.3: Bandura's perspectives of social and personal factors influencing moral judgement



Source: Bandura (1991)

Similar to Rest's processes of moral sensitivity and moral reasoning, Bandura (1991) claims that at a personal level, individuals involve several cognitive functions when judging and controlling their actions by referring to their own moral standards (Bandura, Caprara, Barbaranelli, Pastorelli, and Regalia 2001). Individuals therefore shape their moral beliefs, by adopting standards of right and wrong that serve as guides and deterrents for their conduct and by considering the consequences of their intended actions.

These actions include the evaluation of the situation based on its nature or factors intrinsic to the event, for example, whether it is a big or an everyday issue (Turiel 1983; Bandura 1991). The act will be put into a situational context including the personal reasons behind the determination and the extent of how different groups in society may perceive the action, which is also referred to as moral justification (Bandura et al. 2001). Evaluation of the immediate and long term effects of the action will also be considered. This includes assessing whether any personal injury or property damages will occur, the implications for other parties (whether the impact is on an organisation or an individual), and whether it is anonymous. According to Bandura (1991), age, gender, ethnic and social status and characteristics of the victims will also influence how a person evaluates a moral situation. A person will consider avoiding immoral actions if it results in negative consequences to the victim (Arsenio and Lemerise 2004). In short, when dealing with moral dilemmas, individuals identify and weigh either a single or a combination of personal judgmental factors to guide them while social influences provide collective support for adherence to moral standards. In other words, there are both self and social sanctions an individual uses as a reference point. These reference points may also result in conflicts when individuals are punished socially for courses of action they regard as right and just or where there is pressure from society to engage in actions that may oppose one's ethical principles (Bandura 2002).

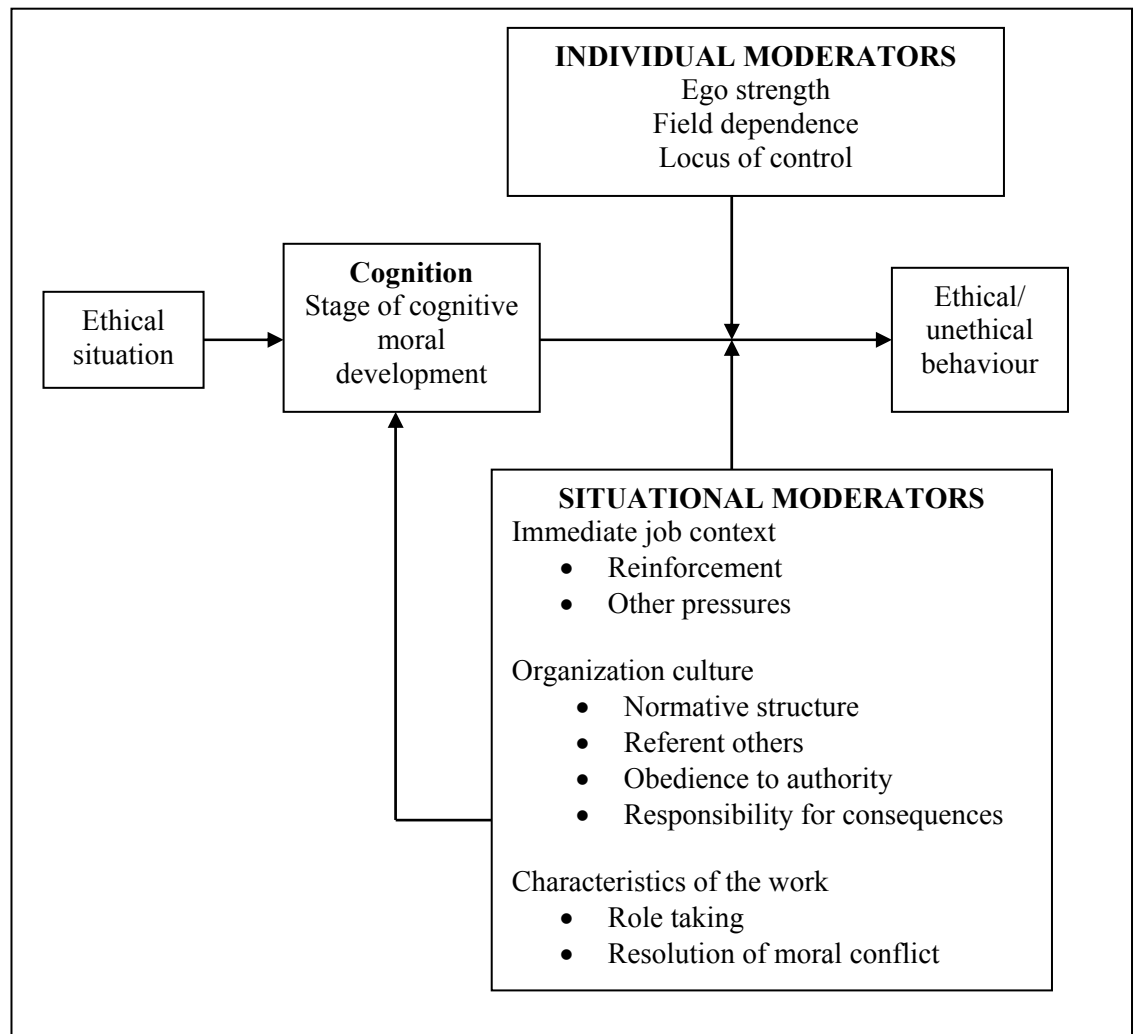
While Bandura's (1986, 1991) social cognitive theory suggests a self-regulatory process interacting with social and environmental influences in shaping moral thinking, he proposes that this process only functions when it is activated. In other words, self-regulation can be activated and deactivated (Bandura 2002; Detert, Trevino, and Sweitzer 2008). Where deactivation is initiated, moral disengagement occurs resulting in individuals detaching themselves from self-sanctions and guilt from unethical behaviour.

These sanctions or interventions are influenced by the knowledge, socialisation and experience of an individual (Hayek 1989; Gick 2003; Arsenio and Lemerise 2004). Individuals may react or perceive a situation differently according to varying levels of knowledge. Experience can be gained through communication

with the world and observation, with a person reacting to the moral rules that he perceives are prevalent in his environment. While societal rules or perception of rules may be understood generally, there also exist a set of behavioural rules that are understood only by members of a certain society (Hayek 1989; Gick 2003). For example, in the context of this study, it can be argued that non-Muslim students would not understand the rules of Islamic teaching/education.

While Bandura and others stress the influence of society at large, Trevino (1986) focuses on the pressures and influences within an organisation. In his model (refer Figure 2.4), Trevino posits that when a person is faced with an ethical situation, the perception of what is right or wrong is first based on their stage of cognitive moral development as proposed by Kohlberg.

Figure 2.4: Interactionist model of ethical decision making in organisations



Source: Trevino (1986: 603)

However, Trevino claims that while providing a theoretical basis, the cognitive basis of right, duty and justice is inadequate to make a decision. Instead, an individual's cognizance interacts with personal traits and other situational variables, with emphasis on the context of job and organisational culture. Individual traits that moderate one's ethical decisions include ego strength, field dependence and locus of control (Trevino 1986). Individuals are inclined to have consistent moral cognition or act morally when they possess a high measure of ego strength since they persist with their principles (Haines and Leonard 2007).

Very often, an ethical situation is ambiguous and individuals with high field dependence rely on others to assist their decision making. Values and rights may conflict but as in the context of this study, being an apprentice, accounting students (field dependent) are inclined to rely on the information, guidance and assurance from their training supervisors (source of reference), thus the behaviour of a field dependent individual may not be consistent with their own ethical principles. This trait relates to one's locus of control. A person with *external* locus of control believes that "fate, luck or destiny influence life events" (Trevino 1986: 610) as they are more inclined to rely on external forces (Detert, Trevino, and Sweitzer 2008), and thus refuse to take personal responsibility for the outcome of their actions. In contrast, with *internal* locus of control a person believes they can control circumstances by considering the alternatives or justifications of a given situation and relying on his or her conscience of right or wrong to guide the action which is consistent with the assertion made by Bandura et al. (2001) discussed earlier. For example, in a study on a collective culture, accountants 'justified' that they deserved receiving pay for days they did not work perceiving that they were entitled to do so, although no express permission was given by the organisation (Smith and Hume 2005).

In reality, "ethical or unethical behaviour is not a product of fixed individual characteristics, but results from an interaction between the individual and the situation" (Trevino 1986: 610). Thus other situational factors often come into the picture and the decision making will vary depending on the level of moral development of the person. Trevino (1986) advocates that the individuals who are inclined to use situational influences are at the Conventional level as they

refer to the group norms to make decisions. As individuals progress to a higher stage of moral development, they are less controlled by external factors.

Trevino (1986) asserts that situational effects can influence individual's moral development through work experiences, proposing that organisational perspectives, immediate job context, organisational culture and characteristics of the work can be moderators in behaviour. The immediate job context variables include reinforcement and other pressures. Reinforcement involves rewards and punishments for ethical or unethical behaviour. In the organisational context, Trevino (1986) claims that individuals are inclined to behave ethically if ethical behaviour is extrinsically rewarded or unethical disposition is clearly punished, and studies (Windsor 2002; Bell and Hughes-Jones 2008) have supported this. Other pressures include personal cost, pressures of scarce resources or competition. When a situation involves high personal costs, an individual may be inclined to take another look at the situation before making a decision (Windsor 2002). Ponemon (1992) found auditor's under-reporting is influenced by peer pressure and stimulated by audit task pressure. Similarly, the pressure of scarce resources or competition may be a regulating factor, and lead to unethical behaviour which is contrary to the individual's moral belief.

The organisational culture may also influence what and how one makes ethical judgements. Trevino (1986) maintains that an organisation with a normative structure (clear shared values and collective understanding of the moral goals and beliefs) assist its members to evaluate an ethical dilemma and lead to ethical decision making (Clapham and Cooper 2005). An individual has the propensity to act ethically or unethically with the presence of role models or with reference to others. Exemplars, especially among peers are said to have a great impact on ethical behaviour (Trevino 1986; Brass, Butterfield, and Skaggs 1998; Hayibor and Wasieleski 2009). In addition, when facing an ethical dilemma, a person may tend to obey the orders of a legitimate authority believing it would give greater good for the individual and the organisation (Smith and Hume 2005). However, a person can also blindly obey orders which may be contrary to that persons own principle beliefs of right and wrong (Satava, Caldwell, and Richards 2006). According to Trevino (1986), a person may be inclined to act unethically if

instructed to, as the liability or consequences will be shouldered by a higher authority in organisation. In contrast, where an organisation promotes an ethical culture and assigns responsibility to individuals, the members are more inclined to act ethically as they are held responsible for any unethical transgression.

Work characteristics also influence ethical decision making. Some work requires role taking which “takes account of the perspective of others” (Trevino 1986: 611) or involves frequent moral conflict. Thus, Trevino (1986) suggests that when the work requires an individual to engage in complex role taking and they see a situation from different angles, the person is likely to be more sensitive and make substantial progress in their moral development. This is supported by other studies where additional role taking promotes one’s sensitivity to others (Loviscky, Trevino, and Jacobs 2007). Similarly, if a person needs to deal with moral conflicts in his everyday work, he is more likely to advance in his moral development. In conclusion, Trevino suggests that in order for a person to deal with pressures and perform their tasks within an organisational culture, educational institutions and organisations should play an important role in supporting ethical growth in individuals (1986).

2.5 Constructivism learning theory

Both Kohlberg and Rest emphasise the role of education in shaping and improving one’s morality. In associating ethics education transmitted to students, this research examines constructivism theory which is concerned with knowledge and learning. It is based on the assumption that knowledge is constructed by learners from their personal experience and communication with society (Driscoll 2000; Gadotti 2002; Almala 2006; Woo and Reeves 2007), which is consistent with Bandura’s theory that society influences one’s ethical thinking. In the context of ethics education, constructivists suggest that educators should consider students’ knowledge and past experience before determining what and how to teach (Huitt 2003). Constructivism focuses on learners, instructors and the learning process.

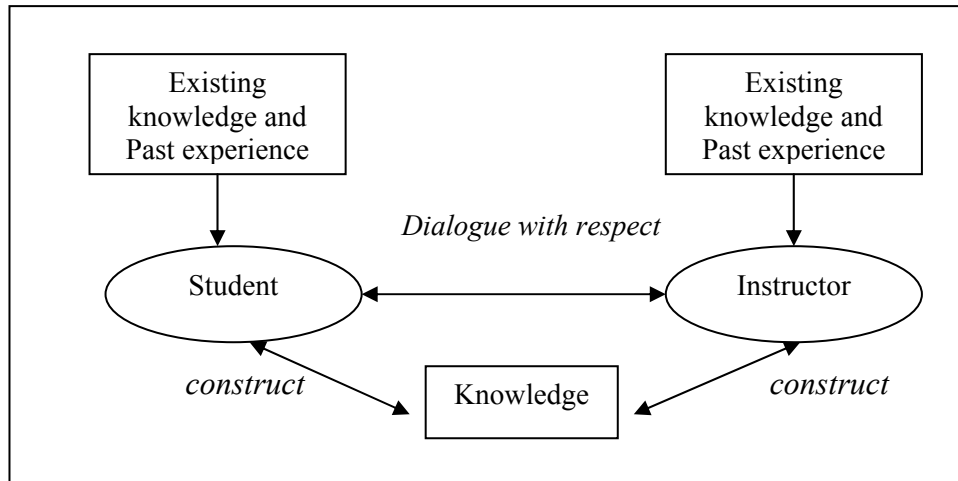
Social constructivism advocates that learners or students refer to their current knowledge, past experience, personal background and cultural values to arrive at their version of truth. Thus, to build knowledge, they need to be actively involved in the learning process. Constructivists stress the importance of interactions between the learners, teachers and peers as knowledge and information are frequently transmitted and exchanged through meaningful activities (Andrew 2007). In the social constructivist approach, instructors take the role of facilitators, not teachers. Teachers teach in front of the class, give answers and use one way communication. Facilitators, on the other hand, ask questions and offer support, explain 'how' to do (and not 'what' to do), create an environment for students to make their own conclusions and encourage two way communication (Rhodes and Bellamy 1999). The learning process emphasises the hands-on approach as learners learn by exploration, experiment and discoveries, and from observation (Billany, Hartnett, and Bhattacharya 2007).

Complementing and extending social constructivism is Freire's critical constructivism which highlights the use of technologies in interactive teaching and the learning environment to construct knowledge (Gadotti 2002). Freire's theory stresses that "knowledge must be formed into an essential tool for intervention in the world" (Almala 2006: 3) indicating that 'knowing' is a necessary condition to understanding the world, to question what is right or wrong and to interpret and change the world.

Freire claims that the learning process is not only about imparting knowledge to the learner but that the learner must be able to apply what has been learned (Lyons 2001). This requires that knowledge has to be comprehended, reviewed through debate or discussion and reflected upon (Freire 1987). In other words, students should be able to understand, visualize and relate the imparted knowledge to their existing knowledge and events in their life and importantly sees the quality of everyday knowledge. Figure 2.5 illustrates that the constructivism theory (social and critical) suggests the instructor and students teach and learn from each other with an emphasis on dialogue involving respect (Freire 1987; Lyons 2001). Lecturers should not 'deposit' ideas or knowledge but

recognise that moral development learning is a shared process (Au and Apple 2007:460) and that students are an active processor of information (Rovai 2004).

Figure 2.5 Constructivism learning theory (transmission of knowledge)



In the context of a business ethics course, lecturers impart ethical theories and exchange ethical views with students based on each other's experiences and intellectual assessment on ethics, thus learning from each other. Lecturers reemphasise the ethical values and principles that students may already be aware of as a result of life experiences and infused culture. According to Freire (1998), respecting and understanding the cultural aspect during the teaching and learning process is a starting point for education.

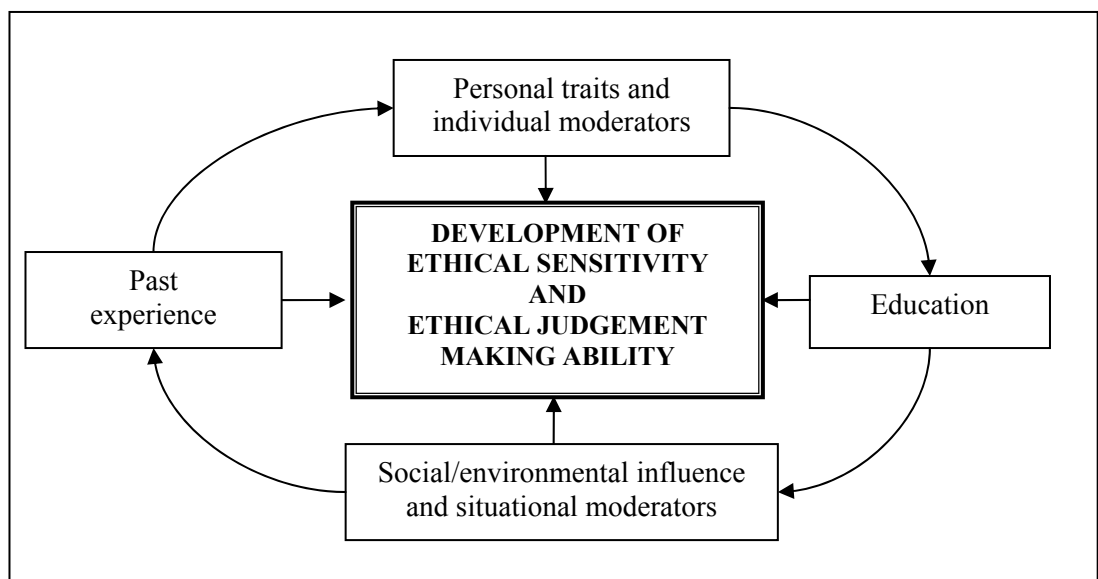
Interestingly, Freire clarifies that "it's not education which shapes society, but it's the society that shapes education according to the interest of those who have power" (Shor and Freire 1987:35-36). This statement is not inconsistent with the cognitive theories examined earlier in this chapter where judgement making abilities are 'learned' but are also heavily influenced by societal factors. There is some truth that education cannot be regarded as the means of exerting moral values rather it is how individuals are educated that needs to be examined.

2.6 Summary

The examination of cognitive and socialisation moral development theories indicate that ethicists share similar views on the influence of personal and external factors in facilitating individuals to make ethical or unethical judgements (Piaget 1965; Kohlberg 1969; Kohlberg 1976; Kohlberg 1981a; Kohlberg 1984; Rest 1984; Bandura 1986; Rest 1986; Hayek 1989; Bandura 1991; Rest and Narvaez 1994; Bandura 2002). This is further supported by constructivism theory which emphasises the role of learning and education as major influencing factors of ethical sensitivity and judgement making ability, and these factors constitute a continuous loop of experience and interventions (Figure 2.6).

In a multi-cultural and multi-religious society like Malaysia, traditional, cultural or religion-based rules may shape the everyday ethical conduct of an individual, including the ethical perceptions of certain actions. But as Hayek (1989) states traditional rules can be changed because they are used subconsciously and ethical attitudes may be modified by adapting them to new environmental necessities. This assists in identifying the possibilities of moral changes or moral development among accounting students through education such as an ethics course and social experience like practical training.

Figure 2.6: Factors influencing ethical sensitivity and ethical judgement making ability extracted from moral development theories



As shown in Figure 2.6, using past experience individuals have the ability to identify or sensitise ethical issues and to make ethical judgement to a limited extent. Their ability may elevate other personal traits, for example, when a person is introduced or exposed to sanctions and reward systems (Bandura 1986). In an educational setting this system is reinforced through university policies on cheating and plagiarism. One of the more important influences in education is ethics education which aims to improve ethical constructs. As most ethicists have suggested, a student throughout an ethics course intervention, is not only taught about accounting and business ethics, but is also exposed to, and influenced by, social (for example, peer moral influence) and economic-related issues (for example, cases, scandals occurred published by media) (Kohlberg 1981a; Kohlberg 1984; Hayek 1989; Rest et al. 1997; Rest et al. 1999a). A person incorporates ethical related experiences, observations, interactions and education and uses these factors to make ethical judgement and decision making in performing professional tasks during their practical training. These factors can directly or indirectly influence ethical sensitivity and ethical judgement making ability which can in turn be influenced by moderators during practical training. As personal traits will continue to be modified through ongoing social and environmental influences on both students and training moderators the loop is continuous.

Based on the examination of theories in this chapter, past experience, personal traits, socialisation and education have been identified as important elements in influencing ethical sensitivity and judgement making ability. In developing the hypotheses, Chapter 3 further examines these factors in specific relation to this study, with the exception of past experience which is outside the scope of this study.

Chapter 3: Hypotheses Development

“To educate a person in mind and not in morals is to educate a menace to society”
~ Theodore Roosevelt (1858 – 1919)

3.0 Introduction

The previous chapter examined several theories on the structural hierarchy of cognitive and moral development of individuals and constructivism learning theory. The cognitive theories suggest that ethics and judgement making ability are shaped by observations, social conditions and other external influences and coincide with an individual's personal development. Kohlberg concludes that there is an “invariant sequence of stages” (Kohlberg 1984: 3) in which an individual develops. This could indicate that the ‘performance’ of moral development is different from one person to another due to the intensity of modelling and reinforcement. The effects of modelling and reinforcement will be examined in the context of this research, represented by the interventions of an ethics course and practical training experience and their effects on ethical sensitivity and ethical judgment making ability. Constructivism theories support this and advocate a meaningful transfer of ethical knowledge.

Malaysian accounting stakeholders are concerned with the ethical knowledge and attitude of students on entering university and their ability to pursue these in their accounting careers. Recent developments in accounting curriculum show that a high emphasis has been placed on ethics education (details in Appendix 3.1) with a dedicated course in ethics being introduced in most universities. However, at the time this research commenced, the business ethics course syllabi from each university highlighted diversity in content and approach. The result is that Malaysian accounting students entering the profession are equipped with different levels and intensity of ethical knowledge.

This chapter presents the hypotheses development based on extant literature of ethics interventions. The hypotheses on the effect on ethical sensitivity and judgement making ability are developed in five areas:

- the effects of the ethics course (Section 3.1);
- the effects of factors (personal and academic) (Section 3.2);
- the effects of the content and process of the ethics course (Section 3.3);
- the effects of practical training (Section 3.4); and
- the effects of the moral education program (MEP) (Section 3.5).

3.1. Ethics course Intervention

Numerous studies have been conducted investigating the ethicality of students and practitioners with varying results. A number of these studies investigated the effectiveness of ethics intervention programs by comparing students with and without ethics education (Shaub 1994; Eynon, Hill, and Stevens 1997; Gautschi and Jones 1998; Bonawitz 2002; Lowry 2003). Gautschi and Jones (1998) used a control group of marketing students who were not exposed to ethical issues and a treatment group who attended a business ethics course, and deduced that the business ethics course enhanced students' ability to recognize ethical issues in a business setting. Similarly, using Defining Issues Test (DIT)¹¹, a study by Bonawitz (2002) found that students with ethics education scored higher p-scores than those without ethics education. In addition, auditors and auditing students who have taken an ethics courses during college also reflected a higher level of ethical reasoning ability (Shaub 1994; Eynon, Hill, Stevens, and Clarke 1996).

Many ethics studies have adopted Longenecker's sixteen business-related vignettes to measure ethical sensitivity and judgement (Wood, Longenecker, McKinney, and Moore 1988; Longenecker, McKinney, and Moore 1989; Weeks, Moore, McKinney, and Longenecker 1999; Wu 2003; Longenecker, McKinney, and Moore 2004; Vynoslavskaya, McKinney, Moore, and Longenecker 2005; Longenecker, Moore, Petty, Palich, and McKinney 2006). Predominantly, positive results were found with respondents showing improved levels of ethical sensitivity (refer Table 3.1).

¹¹ DIT is an instrument developed by Rest measuring one's ethical reasoning or judgement using p-scores as an indicator. P-scores refer to the inclination one uses Principled reasoning and higher p-scores indicate higher reasoning. This will be detailed in Section 4.2.1.2.1 of Chapter 4.

Table 3.1: Studies assessing ethical sensitivity using Longenecker's vignettes

Study	Respondents	N	Mean ^a
Emerson & Conroy (2004) ^b	Students (American) 2001	213	3.12
	Students (American) 1985	204	3.20
Emerson et al (2007)	Students (American)	604	2.85
	Practitioners (American)	518	2.23
Wood et al. (1988)	Students (American)	205	3.23
	Practitioners (American)	2267	2.69
Weeks et al. (2005)	Practitioners (American) ^c	977	2.37
	Practitioners (American) ^d	164	2.67
Wong (2008)	Malaysian Christian	298	2.28
Wu (2002)	Entrepreneurs – large enterprises (Taiwanese)	191	3.87

Legend:

^aThe means are based on a 7 point scale from Not acceptable (1) to Always acceptable (7)

^b The means are taken from 15 vignettes used by Emerson and Conroy

^c Respondents who have not been exposed to situations given in the survey

^d Respondents who have been exposed to situations given in the survey

In contrast, other studies have shown that an ethics course does not have an impact on ethical reasoning and is not significant in influencing ethical development (Borkowski and Ugras 1992; Ponemon 1993; Venezia 2004). Lowry (2003) found that students who completed a compulsory business ethics module had a lower level of ethical awareness than students who had no prior ethics education. The author suggests that the somewhat questionable result could be due to the business ethics module itself, raising the possibility that the delivery of the course needs to be evaluated.

Results from cross-sectional studies could be biased due to various factors. Firstly, students made to take a compulsory ethics course may be sceptical about the course and do not commit to the class resulting in no improvement in their moral development (Norman 2001). Secondly, those who do not take an ethics course may already possess strong ethical convictions, hence comparing them with students undertaking an ethics course resulted in no significant difference in their ethical reasoning. In other words, various extraneous issues impact the validity of cross-sectional studies and for this reason many researchers have

conducted pre and post tests on the effects of ethics education on individual's ethical development. Since the early and middle 1990s, studies started to focus on moral development of accounting students prior to completion of subjects integrating ethics (for example, auditing). Longitudinal studies have also been conducted to look at the impact of the accounting curriculum on students' moral reasoning abilities. Mixed results were found, especially when ethics was not a stand-alone unit.

Focus then turned to studies that looked specifically at the pre and post effects of business ethics courses, finding that these courses were effective (Armstrong 1993; LaGrone, Welton, and Davis 1996; Abdolmohammadi and Reeves 2000; Weber and Glyptis 2000; Dellaportas 2006; Mohamad and O'Leary 2008; O'Leary 2009). The findings provide strong evidence for accounting educators to continue focusing on how ethics education should be effectively provided to accounting students. In the Malaysian setting, Mohamad and O'Leary (2008) conducted a pre and post study on final year accounting students attending a business ethics course to determine its effectiveness. Using five ethical accounting-related vignettes, they tested students prior to the course commencing and again six weeks into the course and found that students' ethical attitude improved.

Weber and Glyptis (2000) used community service experience as a control variable to measure the effectiveness of an ethics course and found that, firstly, enrolment in a business ethics course increases an undergraduate student's concern for social issues. Secondly, those students (half the class) assigned to perform community service in their business ethics course were more likely to have increased concern for social issues.

Pre and post studies on accounting students using DIT are quite limited. However some studies have successfully used Rest's instrument to measure accounting students' moral reasoning, for example, Armstrong (1993) and Dellaportas (2006). Unlike Dellaportas, Armstrong used an experiment and control group to measure ethical reasoning. Interviews were conducted to determine whether the students believed that a dedicated course had a significant effect on the way they analysed and resolved ethical dilemmas. Both studies found a mean change in pre

and post DIT p-scores and proposed that a dedicated course in ethics education affected student ethicality.

LaGrone et al. (1996) examined whether ethics intervention was effective but extended the study by looking at whether the effectiveness was transitory or long standing. Experiment and control group participants consisting of 48 graduate accounting students completed the accounting-specific DIT at the beginning and end of the course. It was then repeated six months later. Using DIT p-scores and paired t-test, the researchers found that ethics intervention fosters a student's capacity to consistently consider ethical issues in the decision making process as the mean p-scores increased from 27.5 in pre test to 34.9 in post test. However, the mean decreased to 31.3 in the follow-up test, indicating that effects of ethics intervention may be transitory. Although this longitudinal study has significantly contributed to the literature of moral development, it has demonstrated a number of drawbacks. Firstly, the sample started with 81 students but only retained 48 students in the follow-up test which may have led to some bias in the comparative results. Secondly, only one third of the accounting course related to ethics education. The limited exposure of the ethics component may be a contribution to the transitory effect. Table 3.2 summarises the outcome of pre and post studies using DIT as a measurement of ethical judgement making ability.

Table 3.2: Comparison of p-scores in studies on pre and post ethics course among students

	N	Pre Ethics course p-scores	Post Ethics course p-scores
La Grone et al. (1996)	48	27.5	34.9
Armstrong et al. (2003)	21	49.5	57.3
Abdolmohammadi and Reeves (2000)	113	36.5	41.0
Dellaportas (2006)	26	26.4	38.6
Shawver (2006)	27	31.2	32.2

The majority of the pre and post studies measure ethical sensitivity or judgement making ability from a single location (in a classroom or a university) (for example, Armstrong 1993; Abdolmohammadi and Reeves 2000; Dellaportas 2006). An example of a pre and post study using multiple locations is Wu (2003)

who examined students' ethical development between two universities in two countries, Taiwan and the Republic of China (RPC). The results show that there are positive influences of ethical education on students' values, ethical recognition and ethical decision-making. Taiwan students showed slightly higher ethical tendencies after receiving a business ethics education than Chinese students. The results are interesting, in that, despite their similarities (religion, language, region), their ethical values, ethical recognition, tendencies and decision-making vary. Wu's (2003) study does not identify whether the type of government or nationalities may be an influencing factor as one set of respondents is from a multiparty democracy country (Taiwan) and the other consists of future managers of a communist state (People's Republic of China). Arguably the findings are influenced by the difference in business culture between countries. The ethical climate may have also have some bearing on the results as Taiwan scored 5.7 in its Corruption Perception Index (CPI) while the PROC score was 3.3 indicating the former to have better ethical climate, with this trend continuing in the following years of CPIs (Transparency International 2003).

Thus, in light of findings from prior research which show positive results among students' ethical development after attending an ethics course, this study proposes the following hypotheses:

- H₁: An ethics course will improve Malaysian accounting students' ethical sensitivity.
- H₂: An ethics course will improve Malaysian accounting students' ethical judgement making ability.

3.2 Factors affecting improvements

This section examines literature on factors that may influence ethical sensitivity and judgement making ability.

3.2.1 Personal factors

Rest et al. (1999b: 33) criticised Kohlberg's stages of moral development asserting that it did not take into account "the personal/intimate relationships and the role of religion in the formation of moral thinking". To ensure this is taken into account, this study examines religious affiliation and personal relationships with God/society (religiosity).

3.2.1.1 Religious affiliation

Religion is seen as the basis of good values and ethics, and influences our everyday lives (Haneef, Abdullah Yusof, and Mohd. Amin 2006). This is appropriate since all religions essentially promote goodness in the conduct of life. About 60% of the Malaysian population are Muslims while the remaining population is made up of Buddhists, Daoists, Hindus, Christians and Sikhs (Wikipedia 2007). Although seen as a Muslim country, Malaysia is a multi-religious nation with Islam being the dominant and official religion. Most religions and belief systems include a requirement that members behave ethically in all areas of life including business. Basic principles of ethical values offered by various religions are universal rules (Ruhe and Lee 2008) with many religions sharing common values, and emphasizing doing good to others. Thus, in explaining and understanding religions, Ruhe and Lee (2008) have summarised the values of each religion (refer Table 3.3). This study extends these values by adding a further six values¹² in Islam which are based on Quran verses¹³ from the website of JAKIM¹⁴, and a technical paper by Pomeranz (2004). There are differences in the emphasis of values across religions but all highlight the importance of fairness and honesty, which are fundamental to accounting and business. Since Malaysia is a multicultural nation, religious affiliation may be an important factor influencing ethical values.

¹² Values added to Ruhe and Lee (2008) table of values include Respect (Al-Israa' 17:23), Justice (Al-Maa'idah, 5:8), Forgiveness (Al-A'raaf, 7:199), Generosity (Al-Ahzab, 33:35), Truth (Al-Ahzab, 33:35) and Trust (Ali' Imran 3:44-57).

¹³ Quran verses are referred to from <http://www.islam.gov.my/dircportal/quranview.htm>.

¹⁴ JAKIM is a acronym for Jabatan Kemajuan Islam Malaysia (or Department of Islamic Development Malaysia).

Table 3.3: Values in major religions in Malaysia

Value	Islam	Christianity	Hinduism	Buddhism	Confucianism
Charity	√	√	√	√	√
Courtesy	√	√	√	√	√
Respect	√				
Fairness	√	√	√	√	√
Justice	√				
Forgiveness	√	√		√	
Generosity	√	√	√		√
Honesty	√	√	√	√	√
Truth	√				
Loyalty	√				
Trust	√	√			

Source: Adapted and modified from Ruhe and Lee (2008)

It is argued that the greater reliance a person places on spiritual or religious references, the higher their ethical reasoning ability and that aspects of religion and religiousness somehow affect ethical decision-making (Clark and Dawson 1996a; Wimalasiri, Pavri, and Jalil 1996; Scheepers, Grotenhuis, and Slik 2002; Woodbine and Yuningsih 2004; Cornwell, Cui, Mitchell, Schlegelmilch, Dzulkiflee, and Chan 2005; Keller, Smith, and Smith 2007). In a large scale research involving 15 countries by Scheepers, Grotenhuis, and Slik. (2002) it was found that individual religiosity had stronger effects on ethical attitudes in countries which were more religious and weaker effects in more secularized countries. Religion played an important role in affecting ethical attitudes, however, its effect varied with different types of religions. Christianity was found to be most favourable to higher ethical standards, with people of traditional Chinese religions found to have a higher acceptability of unethical behaviour involving social concerns compared to people with no religion (Scheepers, Grotenhuis, and Slik 2002).

A study by Al-Ansari (2002) contributes to the scarce literature on moral judgement in the Muslim region. Her study of ethical reasoning abilities of Muslim college students from Kuwait indicated students' moral reasoning levels were clearly influenced by their religion as they are strongly inclined to the Stage 4 of Kohlberg's Conventional level. The author noted that respondents rely more

on divine law, and that adherence to Islamic rules is more important for moral decision-making than justice as measured within the Kohlbergian framework. This signifies that certain religious groups are confined to the fourth stage of ethical development as noted by Rest;

If orthodox religious teachings emphasise that moral authority that is transcendent, supernatural, and beyond attempts at human understanding – and that it is improper and sinful to question, critique or scrutinize its authority-then orthodoxy may reinforce itself, making difficult movement out of orthodoxy. Over time the orthodox person may become increasingly oriented to Stage 4, rejecting developmentally lower and higher forms of moral thinking (Rest et al. 1999b: 121).

Rest (1986: 132) added that “...justice concepts may not have a universal utility for all people all of the time. Specific groups may systematically utilize alternative criteria in solving moral dilemmas” (cited from Shaub, 1994). Muslims may very well be one of the groups that Rest was referring to.

This is also consistent with a study on the ethical judgement of Malay and American adolescents by Jaafar, Kolodinsky, McCarthy, and Schroder (2004). Using Kohlberg’s Moral Judgement Interview (MJII), Malay adolescents (also Muslims) reflected more religious principles and Malay cultural values in their moral judgements when compared to an American group. Religious teachings were more frequently cited by Malay adolescents while American adolescents were more concerned with personal consequences of actions, equitable exchange, fairness and self-interest. The authors added that the Malays behaviour was also governed by the concept of *dosa* (sin) and *pahala* (reward, merits in the hereafter). Muslims obey God’s rules and thus behave morally to obtain as many rewards as possible to spend in the hereafter life in heaven.

However, in a study conducted by Rashid and Ibrahim (2008), the religiosity dimension was measured by McDaniel and Burnett’s (1990) instrument, comprising 11 items on a 7-point interval scale, ranging from ‘Strongly agree’ (1) to ‘Strongly disagree’ (7). They discovered that firstly, there is an association

between culture and religiosity, suggesting that the Malays generally have lower religiosity than the Chinese and Indians. Secondly, culture and religiosity have effects on perceptions of business ethics among students. Malaysia is also a multicultural country with Malay as the major ethnic group, followed by Chinese and Indians (Rashid and Ho 2003). In Malaysia, the ethnicity or culture of those belonging to a religious group can be easily identified. For example, Malays are (by the Malaysian Constitution) all Muslims. Although an increasing number of Chinese, Indians and other ethnicities are also embracing Islam, the Malays are dominant. Most Chinese are Buddhists but the number embracing Christianity is growing. The majority of Indians are Hindus but there are also Muslim Indians and Christian Indians.

In a study on culture and ethics in Malaysia, Rashid and Ho (2003) distinguished different values of the three major races as illustrated in Table 3.4. The table highlights that Malays and Indians rank spirituality and faith or fear of God much higher than the Chinese who appear to have a stronger focus on more practical issues such as the necessity of food, hard work, and education. Even within the Malay and Indian rankings, there are still some differences in their views of what is most important.

Table 3.4: Selected values of the Malays, Chinese and Indians in Malaysia

Malay values	Chinese values	Indian values
Respect for elders	Food	Fear of God
Spirituality/faith in God	Hard work/diligence	Sense of belonging
Humility	Pragmatism	Brotherhood
Face/self respect	Perseverance	Family
Tact/indirectness	Education	Hard work
Generosity	Wealth/prosperity/money	Filial piety
Sensitivity to feelings	Family oriented	Karma
Politeness	Face	Champion of causes
Relationships	Harmony	Loyalty
Apologetic	Gambling/risk	Taking face

Source: Rashid and Ho (2003)

These findings imply that what is considered right in one culture may be inappropriate in another. A study by Tian (2008) on bribery, kickbacks and gift giving among Chinese business managers describes Chinese business culture as interdependent. For example, the Chinese perceive gift giving as an accepted gesture for expressing gratitude and keeping long term business relationships and believe that reciprocity or an exchange of favours will maintain these relationships. However, in other cultures this giving and exchange of favours in a business context may be seen as inappropriate and unethical (Tian 2008).

Given that Malaysia is a multicultural and multi-religion society, an examination of their religious affiliation is considered necessary. Therefore, this research hypothesizes that:

H_{1.1}: Improvements in ethical sensitivity are explained by different religious affiliations.

H_{2.1}: Improvements in ethical judgement making ability are explained by different religious affiliations.

3.2.1.2 Faith maturity level

Whereas religious affiliation refers to one's identification as a member of a particular group, faith maturity refers to the degree to which a person adheres to the spiritual and social commands associated with their group. The message of many religions and beliefs include a requirement that the members behave ethically in all areas of life, including business. The greater reliance a person places on spiritual or religious references, the higher their ethical reasoning ability and that aspects of religion and religiousness somehow affect ethical decision-making (Clark and Dawson 1996a; Wimalasiri, Pavri, and Jalil 1996; Scheepers, Grotenhuis, and Slik 2002; Woodbine and Yuningsih 2004; Cornwell et al. 2005; Keller, Smith, and Smith 2007).

In Malaysia, an increasing number of children are sent to Islamic religious school to ensure they receive a good Islamic education that emphasises Islamic ethics (*Akhlaq*), *Quranic* teaching and Islamic law (*Syari'ah*) (Bureau for Policy and

Program Coordination USAID 2004). This reflects that parents, particularly Muslim parents, are conscious that their children be brought up with highly spiritual values and sufficient religious teachings. In other words, parents want their children to have a strong religious grounding and commitment in order to prepare them for the increasing morally challenging environment.

Studies have used varied dimensions of measurement to represent religiosity. For example, Conroy and Emerson (2004) attempted to relate religiosity with ethical awareness (using ethical vignettes by Longenecker et al.) but religiosity was measured by the frequency of church attendance, which arguably is questionable in its generalisation and depth. However, there is growing literature connecting faith maturity (religiosity or religious commitment) with moral development. Faith maturity is seen to be a better measure of religiosity in the context of the present research as knowing one's religious affiliation alone cannot explain his/her religiousness. Two types of faith-based association have been identified, Vertical religiosity (emphasis on maintaining and honouring a relationship with God) and Horizontal religiosity (emphasis on serving humanity and acts of mercy and justice) (Benson, Donahue, and Erickson 1993).

A Malaysian study by Wong (2008) determined the relationship between Christian religiousness and business ethics attitudes. The frequency of nine church activities (for example Sunday worship, bible study and 'quiet time') was used to measure religiosity while 25 business-related vignettes devised by Longenecker et al. (1989) were employed to represent ethical attitudes. It was found that within the Christian community, those who frequently devoted themselves to Sunday worship and 'quiet time' displayed better ethical attitudes. Importantly, Wong (2008) suggests that those who have been longer in a faith showed better ethical attitudes, supporting the notion that religiosity or faith maturity can influence one's ethicality.

Studies using DIT to assess the influence of religious affiliation (RA) and religious commitment (RC) or religiosity on ethical judgement development among students in accounting and business active are summarised in Table 3.5. These studies show different results, with some concluding that religious

affiliation and religious commitment have significant relationships with ethical judgement making ability (Pascarella and Terenzini 1991; Wimalasiri, Pavri, and Jalil 1996; Glover 1997; Porco 2003; Bloodgood, Turnley, and Mudrack 2008) while others found the relationship were either not significant or had mixed results (Koeplin 1998; Wimalasiri, Pavri, and Jalil 2001; Burks and Sellani 2008).

Table 3.5: Summary of studies using DIT connecting religious affiliation (RA) or/and religious commitment (RC) with moral development

Study	Religiosity variables	Religiosity measurement	Sample	Results
Wimalasiri, Pavri & Jalil (1996)	RC	Single question on level of commitment	Senior business students and business managers	Significant correlation
Glover (1997)	RC	Gladding et al. Scale of Religiosity	Adolescence to adults	Significant correlation
Wimalasiri, Pavri & Jalil (2001)	RA, RC	Individual affiliation, single question on individual commitment	Business students and practitioners (Australia)	Significant correlation for affiliation, significant positive correlation for commitment
Burks and Sellani (2008)	RA, RC	Individual affiliation, University affiliation, ROS	Accounting and business students from 3 universities	Differences in ethical values from different affiliations, no correlation between commitment and ethical values
Bloodgood et al. (2008)	RC	Single item on RA	Business students	Religious students have better ethical attitude

Source: Adopted with modification from Burks and Sellani (2008)

Legend: RA – religious affiliation; RC – religious commitment, ROS – religious orientation scale

Using ethical vignettes designed by Longenecker (1989), Conroy and Emerson (2004) investigated a large sample of 850 undergraduates and graduate students (of variety courses) in one public and one private (religious) university. Their findings suggest that religiosity affects ethical attitudes. Most interestingly the impact of religiosity is greater when having completed an ethics or religion

course. There is reason to contend that a student's spiritual commitment to his or her belief system overrides the artificial barriers associated with religious affiliation and this therefore provides an incentive to investigate the issue of faith maturity as a variable influencing ethical development. Thus, this study hypothesizes that:

H_{1.2}: Improvements in ethical sensitivity are explained by different types of faith maturity.

H_{2.2}: Improvements in ethical judgement making ability are explained by different types of faith maturity.

3.2.2 Academic factors

Expanding on external factors that influence ethical sensitivity and judgement making ability, this research also examines two academic factors, type of institution and academic performance.

3.2.2.1 Type of institution

Unlike other countries, such as the United States and Australia that distinguish public and private universities based on religious affiliation (commonly labelled as private) (Brown and Choong 2005; Lowry 2005; Burks 2006), Malaysia differentiates public from private in regards to governance, funding, regulations, size, corporate affiliations (such as Petronas University, owned by the oil and gas company) and programs offered (Kasim 2008). The public universities are well-established and heavily funded and subsidized by the government, resulting in lower fees compared to private universities (Kasim 2008). Although there is a growing number of privately managed institutions and foreign university branch campuses, Malaysian public universities face little competition and are in high demand, attracting large undergraduate enrolments. Thus, the government uses the meritocracy concept to select qualified students to enter its public universities (Rashid 2003).

As both types of universities are governed by different acts and regulations, other distinguishable characteristics include the structure and content of programs offered. For example, public universities are required to run a four year accounting program on a semester basis (Ministry of Higher Education Malaysia 2005). The Private Higher Educational Institution Act 1996 and the National Accreditation Board Act 1996 allow private universities to manage the program within three years or on a trimester basis¹⁵.

The differences in the length and timing of the degree, as well as the mandatory inclusion of ethics as a separate subject and integration through all subjects at public universities warrants investigation about whether the type of institution influences students ethical sensitivity and ethical judgement making ability. It is also considered important as there appears to be no literature in the Malaysian setting that distinguishes the effectiveness of ethics courses between public and private universities and very limited research outside Malaysia. The exception is a study on Cypriot universities which found that students from private tertiary institutions exhibit the lowest tolerance on ethical issues, particularly in relation to selfishness (Zopiatis and Krambia-Kapardis 2008) suggesting there is a difference between public and private university students in their attitudes towards ethics.

Most western literature (example, shown in Table 3.6) have compared accounting and business students' ethical development using university affiliation to represent religiosity as most private universities have religious affiliations (for example, Pascarella and Terenzini 1991; Porco 2003; Burks and Sellani 2008). The environment in the religious affiliated universities may be somewhat different from the public university as most studies have found that religious affiliation and religious commitment both correlate with moral development (Pascarella and Terenzini 1991; Porco 2003).

¹⁵ Details of the programs can be viewed at the following university websites: <http://www.uniten.edu.my/newhome/uploaded/admin/documents/brochures/business.pdf> (four year program), http://www.unitar.edu.my/prospective_students/docs/bacc.pdf (four year program), <http://www.nottingham.edu.my/Faculties/Social/NUBS/Programmes/Undergraduate/Pages/FinanceAccountAndManagement.aspx> (three year program), http://www.nilai.edu.my/programmes/3+0hons_A&F.php (three year program).

Table 3.6: Summary of studies using DIT connecting religious affiliation (RA) or/and religious commitment (RC) with moral development

Study	Religiosity variables	Religiosity measurement	Sample	Results
Pascarella & Terenzini (1991)	RA	University affiliation	Secondary analysis from Rests (1979) study of students	Significant correlation
Koeplin (1998)	RA	University affiliation	Accounting students at two private liberal arts universities	No significant correlation
Porco (2003)	RA	University affiliation	Accounting students from 7 universities	Significant correlation
Burks and Sellani (2008)	RA, RC	Individual affiliation, University affiliation, ROS	Accounting and business students from 3 universities	Differences in ethical values from different affiliations, no correlation between commitment and ethical values

Source: Adopted with modification from Burks and Sellani (2008)

Legend: RA – religious affiliation; RC – religious commitment

With regards to the above review, this study hypothesizes that;

H_{1.3}: Improvements in ethical sensitivity are explained by different type of institution.

H_{2.3}: Improvements in ethical judgement making ability are explained by different type of institution.

3.2.2.2 Academic performance

Although the meritocracy concept is used, this study does not conclude that only excellent students attend public universities. This is because there are scholarships offered by large corporations or agencies that fund excellent students in their own private universities. For example, Tenaga Nasional Berhad, being the national energy corporation, offers scholarships and grants to study in Universiti Tenaga Nasional. Likewise, the national oil and gas company, Petronas award scholarships to top students to study in their Universiti Teknologi

Petronas. Thus, this research will investigate whether grades, as indication of academic performance, influence students' ethical sensitivity and judgement making ability.

Students' intellectual abilities, commitment and attitudes reflect on their academic performance. Despite criticism that self-reported grade point average (GPA) can be biased (Cizek 1996; Kohn 1999), studies have determined the potential impact of GPA on ethical development with academic performance indicated by students' GPA found to be significantly related to ethical reasoning ability (Shaub 1994; Kelly 2004; Loescher 2004; Traiser 2007). In contrast, some studies have found that GPA is not a contributing factor (Singhapakdi 2004; Jong, Lancaster, Pelaez, and Munoz 2008). Thus, given the contrasting findings, it is hypothesized that:

H_{1.4}: Improvements in ethical sensitivity are explained by different levels of academic performance.

H_{2.4}: Improvements in ethical judgement making ability are explained by different levels of academic performance.

The preceding hypotheses development (H₁ to H₂) relate to personal and social influences on ethical sensitivity and ethical judgement making ability. As argued by Freire (1998) ethical sensitivity and ethical judgement making ability are influenced by the learning process. Therefore the following section discusses the literature on effective ethics teaching and specifically develops hypotheses on the content and process of an ethics course.

3.3 Method of delivering Business Ethics Course

Although business ethics courses are included in the accounting program of many universities, this does not necessarily signify that effective teaching approaches are employed in the classroom (Agarwal and Malloy 2002). While determining sensitivity and judgement making ability is important, knowing whether business ethics is taught effectively is also important (Sims 2004; Harris 2008). Past literature suggest that the objectives of an ethics course, the content, the expertise

or lecturer who delivers the course and the process of delivering the course all contribute to the effectiveness of an ethics course.

The objective of an ethics course gives direction to the expected aims and outcomes of the course and is therefore important in determining the effectiveness of the course (Sims 2002). Researchers are inclined to agree that firstly, an ethics course should enhance students' knowledge of relevant standards, principles, concepts, and the expectations of ethical and professional conduct (Felton and Sims 2005; IFAC Information Paper 2006). Secondly, an ethics course should aim to develop a sense of professional responsibility among students, imparting the knowledge and skills to deal with ethical sensitivity and appreciation of ethical threats in different situations. Completion of an ethics course should improve student's professional judgement and a sound skill of ethical decision making. Importantly the IFAC emphasises that an ethics course should aim to develop a sense of obligation among its accountants and future accountants as they are entering a respected and reputable profession and have been entrusted to safeguard the economic well-being of society (IFAC Information Paper 2006). In summary, an ethics course should aim to instil ethical knowledge in students, and develop ethical sensitivity and ethical reasoning or judgement making ability.

In order to achieve the course objectives, the content of an ethics course should be appropriate and relevant (Leung and Cooper 1994; Morris 2001). For accounting students, the content of an ethics course may include issues in accounting and management (Leung and Cooper 1994; Dellaportas, Cooper, and Leung 2006) because as future accountants, accounting students are expected to have both technical and moral expertise when carrying out their duties (Mintz 1995). Students should become aware of the many ethical issues affecting the profession and prepare themselves for dealing with ethical dilemmas in the workplace. Among issues to address are conflicts of interest, including self-interest threats, earning management, failure to maintain objectivity and independence, improper leadership and poor organizational culture, lack of ethical courage to do what is right, lack of ethical sensitivity, and failure to exercise proper professional judgement. These are issues faced by accountants in public accounting practice and business generally. Many researchers involved in teaching ethics agree that

ethical philosophy or ethical framework should be included in the ethics syllabi (Warren 1995; Gardiner 2000; White and Taft 2004; IFAC Information Paper 2006; Mohd Aris, Abdul Malik, Wagiman, Mohd Tahkim, Halid, and Abdul Rahman 2007) as a basis or guiding tool to address ethical issues and dilemmas. Additionally, in Malaysia, cross-cultural issues are considered to be crucial to discuss.

Past literature also suggest that the lecturers background and characteristics may be success factors in teaching an effective ethics course (Leung and Cooper 1994; Morris 2001). Learning what is right often comes from observing the action of good people (Hill and Stewart 1999) and students are often influenced by the behaviour of educators, whom they believe to be qualified as their guidance in academia (Mintz 1995). Thus, stakeholders in business believe that leaders are a model of ethical behaviour (IFAC Information Paper 2006) and in the context of this study, ethics lecturers need to demonstrate behaviour they would like students to emulate (Sims 2002). In addition, team teaching involving a co-operation between philosophers and accounting academics or accounting and business ethics lecturers is viewed to be an effective factor (Oddo 1997; Sims 2002; IFAC Information Paper 2006).

The process of delivery, the approach, relevant materials, an assessment process that encourages life long learning and workable class sizes are also elements of an effective ethics course. Ethics instructors generally employ a teacher-oriented or student-oriented approach to delivering ethics courses. In the former, instructors use various materials and impart ethical knowledge through one-way communication or minimum students' participation (i.e., lecture, guest speaker, team teaching, codes of conduct) (Wentland 2004). The latter approach employs various communication channels, for example, presentations of case studies, simulation, role-playing, drama, reflections and discussions. Other student-oriented approach includes community service experience (Nelson and Wittmer 2001; Wentland 2004), field visits to corporations (Jones and Ottaway 2001) or even a visit to prisons (McPhail 2002). In a study of Malaysian final year accounting students, Mohamad and O'Leary (2008) found that students perceived a combination of lectures, tutorials and group assignments as an effective

technique to teach business ethics. The findings also suggested that ethics teaching appeared to be most effective when students exchange views and openly discuss ethical issues.

The materials used in delivering ethics can cover significant business and everyday personal issues adopted from various sources including journals, books and newspapers (Maclagan 2003; Singhapakdi 2004). Performance assessment, through various means (e.g., presentations of role-playing, assignments, case studies, tests and examinations) is an important process, which will indicate where improvements are being achieved. Lastly, but also importantly, the size of an ethics class should allow students to feel comfortable about expressing their ethical views (Sims 2004).

Preliminary research suggests a lack of consensus on how an ethics course should be taught to accounting students. This is reflected in the varying ethics syllabi of Malaysian universities under study (refer Appendix 1.6). Since this study examines the ethical development of students in multiple universities, and that the universities apply different pedagogical processes in their courses, the following hypotheses are proposed:

- H_{1.5}: The way an ethics course is taught will influence the ethical sensitivity of Malaysian accounting students.
- H_{2.5}: The way an ethics course is managed will influence the ethical judgement making ability of Malaysian accounting students.

3.4 Practical Training Intervention

Among issues contemplated by Rest et al. (1999) are life experiences and real-life morality. He asserts that “development is more a matter of richness of experience and stimulating experiences than the mere passage of years” (Rest et al., 1999: 125). Similar to other professions, working experience is fundamental to the training of an accountant. Malaysian accounting students have the advantage of attaining a stimulating experience through practical work experience (known as practical training or industrial training or internship), as it is made part of the

tertiary education program. During the training, up to six months in duration, students have the opportunity to interact and work with supervisors, colleagues, clients and the community, and aims to bridge theory and practice. This experience offers students an “exposure to persons of mature moral thinking”, which may affect their moral judgement (Rest et al. 1999b: 125).

It is hoped that practical training will develop lasting ethical cognitive ability, self-confidence, motivation, positive attitudes and most importantly a sense of responsibility. Training assists in improving soft skills such as communication (Tan, Wee, and Ismail 2007) and marketability upon graduating (Teed and Bhattacharya 2002). Students have also been found to be more mature after being exposed to real tasks and involved with different levels of people (Cook, Parker, and Pettijohn 2004). At the end of the training session, students are assessed based on their performance reported by their supervisors in the workplace in addition to criteria used by the University system (Mohd Shariff, Abdul Mutalib, and Ahmad Fadzil 2000; Teed and Bhattacharya 2002; Cook, Parker, and Pettijohn 2004).

Studies on the impact of practical training on ethical development are scarce although some studies have examined ethical attitudes between students who have been exposed to work experience. Generally, these studies have found that students exposed to work experience have higher ethical standards than students without equivalent experience (Shaub 1994; Porco 2003; Keller, Smith, and Smith 2007). For example, Porco (2003) discovered that the longer the duration of practical training the better the impact on students' moral development (higher level of ethical judgement) while Keller et al. (2007:310) argue that it is because the real world experience makes students “less egocentric towards ethics”. The authors argue that there is a difference between a person who is good in an altruistic sense, and a person who does good in order to reach some other goal, or to avoid some negative consequence. In contrast, Borkowski and Ugras (1992) assert that when people are more experienced, they have the pressure of achieving goals and targets and are forced to compete in climbing the corporate ladder. The longer they are in the workplace, the more self-centred they are. On the other hand those without work experience are more idealistic and tend to have better

ethical judgement. Perhaps this is because during practical training, students hold their training supervisors to high ethical standards of behaviour, but the latter do not always meet those standards (Beard 1993). In addition, Dellaportas et al. (2006) suggest that the work environment has a negative effect on moral reasoning as measured by the Welton p-score.

In addition to involvement in practical training, the type and content of the training may also range from making tea and coffee and basic filing duties to being directly involved in various accounting or auditing activities. These aspects of a training course will therefore be examined as part of the following hypotheses:

- H₃: Practical training will improve Malaysian accounting students' ethical sensitivity.
- H₄: Practical training will improve Malaysian accounting students' ethical judgement making ability

3.5 Effects of the moral education program

A longitudinal study conducted by Abdolmohammadi and Reeves (2000) evaluates ethical development of business students in a university over the four years of a tertiary education program. Using DIT, the mean p-score of respondents at the start of the course was 38.44, compared to 43.31 after graduation. This is consistent with the notions of Kohlberg (1976) and Rest (1986) that formal education plays an important role in an individual's moral development. Abdolmohammadi and Reeves (2000) also measured the effect of a specific business ethics intervention course, Corporate Social Reporting (CSR) on the students' ethical judgement by conducting the DIT at the beginning and end of a semester. Results show that the students' mean p-score increased from 36.56 in pre test to 41.08 in the post test. Hence, they concluded that an ethics course has an impact on ethical judgement. The Abdolmohammadi and Reeves (2000) study is one of the few longitudinal studies on the effect of an education program which combines a specific ethics course on students' ethical judgement. Unlike the

present study, Abdolmohammadi and Reeves (2000) did not examine practical training as part of a moral education program.

Welton and Guffey (2009) conducted a three stage study on American accounting students to determine whether the effect of an ethics education on moral reasoning is transitory or permanent. The result showed significant gains in moral reasoning when a follow-up test three years after the completion of an accounting program found that improvements in moral reasoning ability were sustained and not diminished when students entered the accounting profession (Welton and Guffey 2009).

Both of the above cited studies examine an 'education program' but neither study specifically addresses the combined effect of an ethics course and practical training. In fact, there appears not to have been any research on this expanded view of an education program. It is this aspect that forms the third major focus of this study, that is, does a moral education program consisting of an ethics course and practical training encourage students to become more aware of ethical issues and consider more reflective responses (involving more complex cognitive processes) as a result of the exposure to work experience? With this question in mind, the following tests are proposed:

- H₅: A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical sensitivity.
- H₆: A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical judgement making ability.

3.6 Summary

This chapter reviewed past studies on the effects of an ethics course and practical training on ethical sensitivity and judgement making ability. Although the literature is expansive in examining the effects of ethical courses, it is only more recent studies that have examined the pre and post effects of a course. The chapter also examines literature on factors such as religious affiliation, faith

maturity, type of institution and academic performance that may influence ethical sensitivity and judgement making ability. Since past literature suggest that the objective of an ethics course, the content, the expertise of who delivers the course and the process of delivering the course may contribute to the effectiveness of an ethics course, these components are also examined. Literature is scarce on the effects of practical training on ethical sensitivity and judgement making ability but there is evidence that students exposed to work experience have higher ethical standards than their counterparts. There is also evidence that students' moral reasoning ability improved throughout their education years. The hypotheses on the effects of an ethics course, practical training, the combined MEP, and factors such as religious affiliation, faith maturity, academic performance, type of university and the content and process of an ethics course on ethical sensitivity and judgement making ability were developed. The measurement of these hypotheses using a three phase study is the focus of Chapter 4.

Chapter 4: Methodology

“To observe morality is to attain mastery over our mind and our passions”.

~ Mahatma Gandhi (1869-1948)

4.0 Introduction

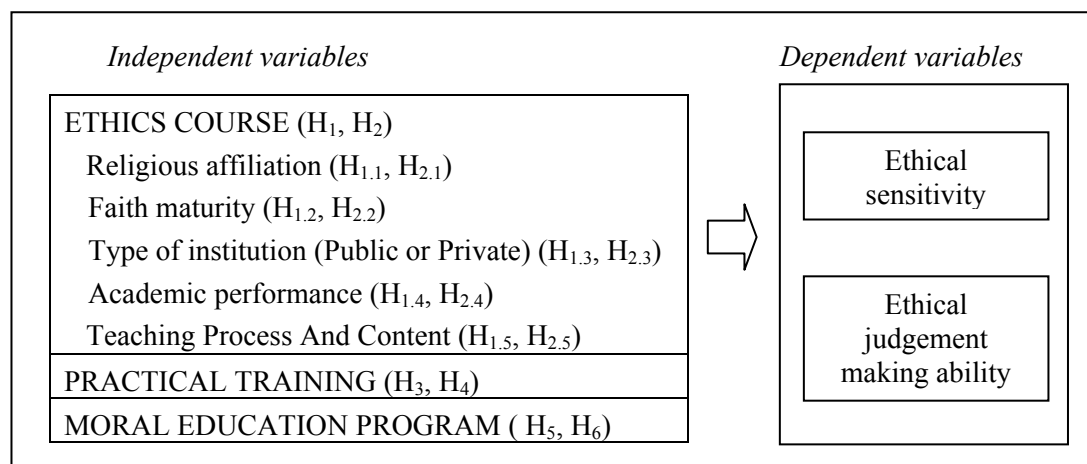
Chapter 2 examined several theories on the structural hierarchy of cognitive and moral development of individuals and constructivism learning theory. Using these underlying theories, Chapter 3 reviewed literature on ethics education in supporting the hypotheses development. This chapter presents the research methodology, beginning with a brief introduction of the research framework followed by the development and implementation of the research instruments. The research population and sample are identified, and the chapter reports on the outcome of a pilot study and details the data collection process.

In general, this study aims to investigate the development of ethical sensitivity and ethical judgement making ability as cognitive processes among accounting students in Malaysian universities. Specifically, the study examines the impact of education and related issues on the ethical development of Malaysian accounting students. Ethics interventions through the educational process are said to be able to enhance ethical development (Kohlberg 1981a; Rest 1986; Shaub 1994; Dellaportas, Cooper, and Leung 2006). This study will determine whether there are improvements in accounting students' ethical sensitivity and judgement making ability as a result of a moral education program (MEP) or one of two specific components (ethics course and practical training). Throughout their university years, students go through a period of socialisation in personal and academic life. For this reason, this study will also examine whether personal factors (religious affiliation and faith maturity) and academic factors (type of institution and academic performance) have any impact on the ethical development of students. The study employs a three phase approach in achieving its aims.

4.1 Research framework

This research has adopted a positivistic approach, with the application of theories in cognitive moral development and education being applied to accept or reject the hypotheses developed in Chapter 3. The research does not intend to propose a ‘whole new story’ on the subject of ethical development but does adopt a longitudinal approach and explores characteristics that are under researched such as the impact of practical training on ethical development and the quality of ethics teaching and learning between types of institution. Figure 4.1 depicts the conceptual design.

Figure 4.1: Conceptual design connecting variables



4.2 Research Instrument

To achieve the research objectives, the research instruments have been developed using a combination of validated instruments. Four questionnaires were devised, three for students and one for ethics lecturers (refer Appendices 1.2 – 1.5). The following section describes the instruments adopted in this research.

4.2.1 Student questionnaire

Three questionnaires were designed for Malaysian accounting students to capture data on students’ ethical development. The first phase questionnaire was administered prior to undertaking an ethics course (refer Appendix 1.2), the second phase questionnaire post ethics course (refer Appendix 1.3), and the third

phase questionnaire post practical training (Appendix 1.4). Panel 1 of Table 4.1 describes the phases when questionnaires were distributed in investigating the effect of two types of intervention, an ethics course and practical training. Panel 2 outlines how the variables are measured and the phases at which the data was collected.

Table 4.1: Collection of data over three intervals of time

Panel 1: Data collection in phases to investigate the effect of interventions					
Intervention	Effect		First phase	Second phase	Third phase
Business ethics course	Ethical sensitivity and ethical judgement making ability		√	√	
Practical training				√	√
Panel 2: Measurement of variables					
Variables	Measurement	Instrument/Sources	First phase	Second phase	Third phase
Ethical sensitivity	Continuous	Longenecker, McKinney, and Moore (1989) sensitivity inventory.	√	√	√
Ethical judgement making ability	Continuous	Short version DIT (Rest 1986)	√	√	√
Methods of teaching ethics course		Ethics syllabi/unit outline Lecturer’s questionnaire	√		
Religious affiliation	Categorical	Demographic profile	√		
Faith maturity	Continuous ^a	12 items of Faith Maturity Scale (Benson, Donahue, and Erickson 1993)	√		√
Type of institution	Categorical	Demographic profile	√		
Academic performance	Continuous ^b	Demographic profile*	√		√

Legend ^a Vertical and Horizontal Regression scores; ^b Self-reported, √ - related to relevant phase

The first phase questionnaire (as shown in Panel 2 of Table 4.1) captured students' demographic profile and included Longenecker et al. (1989) sixteen sensitivity scenarios, a modified short version of the Defining Issues Test (DIT) to measure ethical judgement making ability (Rest 1986) and the short version of a faith maturity scale developed by Benson, Donahue and Erikson (1993). Ethics syllabi were obtained from the institutions at this first phase as well as the response from the lecturers' questionnaire. The second phase questionnaire

incorporates the Longenecker et al. (1989) sixteen sensitivity scenarios and the modified short version of the defining issues test (DIT) (Rest 1986). The third phase questionnaire incorporated both instruments on sensitivity and judgement making ability, and an additional section on practical training. The remainder of this section details the content of the specific questionnaires and the justification for their inclusion or exclusion from the three student versions.

4.2.1.1 Demographic Information

Demographic details included standard questions on age, gender and academic standing to determine if any of these variables influence ethical sensitivity and judgement. Students were also asked their religious background and the type of school and university attended (national, public, Islamic etc.) as it is considered there is a direct relationship between students of particular religions and their ethical sensitivity and judgement making abilities (Clark and Dawson 1996b; Kennedy and Lawton 1998; Singhapakdi, Marta, Rallapalli, and Rao 2000; Siu, Dickinson, and Lee 2000; Conroy and Emerson 2004; Cornwell et al. 2005; Bloodgood, Turnley, and Mudrack 2008; Rashid and Ibrahim 2008). In addition, students were asked who the influential people in their lives are, the position they hold in their family and the occupation of their parents (refer in Appendix 1.2). These additional characteristics were included to identify other issues that may influence students' ethical development as previous studies such as White (2000) and Yusof, Mohd. Amin and Haneef (2002) suggest that family and parents have a significant role in the development of children's moral values. The demographic section was not included in the second and third phase instruments in order to reduce the length of these instruments and knowing that many of the demographic factors such as religious affiliation, gender, and educational background would not change over time. It could be argued that influential people may change and certainly that age will change. In the latter instance, the variation in age is approximately 18 months from the first to the third phase of the study and therefore not considered a major change that would have any significant influence on the outcomes. In addition past studies found that it does not correlate with moral development (Shaub 1994; Lowry 2003; Dellaportas 2006). Although it could be argued that the identification of influential people

may alter over time, the data for this study is collected over an 18 month period and at this stage of a students' life it is believed that the type of influential people will still be focused on family and teachers'. In the Malaysian context, teachers at any level in the education system are highly respected and admired (Barone 2004). In order to 'track' the progress of students ethical and sensitivity judgement making ability an identification number (IN) was assigned in the first phase and subsequently used in the second and third phases. This was particularly important to establish which students participated in the MEP as not all students undertook in both an ethics course and practical training.

4.2.1.2. Ethical Judgement

4.2.1.2.1 Defining Issues Test

Rest developed the DIT as an objective instrument to overcome the negative aspects of Kohlberg's Moral Judgement Interview instrument. The latter requires interview expertise, the need to collect individual data thus making large group data collection impossible, and requires complex protocols to process the data. Although Rest et al. (1999b) do not address all of Kohlberg's six stages in the DIT, the instrument has been extensively used by researchers worldwide and is considered extremely reliable and valid in measuring ethical judgement making ability (LaGrone, Welton, and Davis 1996; Abdolmohammadi and Reeves 2000; Dellaportas, Cooper, and Leung 2006). There are three versions of the DIT. The original version (DIT) containing six stories, a shortened version (DITSV) with three stories and a modified version (DIT2) with five updated stories (refer Appendix 4.1).

Rest et al. (1999) recommend using the DIT2 version for its practical advantages over the original version as it has one less story which makes it shorter and therefore more likely to attract higher participation, the Index used for the DIT2 has better scoring, and the five stories have been updated providing greater relevance to current societal issues. However, the DIT2 has not become widely used in the accounting ethics research for several reasons including the need to send the DIT2 data to the University of Minnesota for analysis (Bay 2002). In contrast the DIT and DITSV can be scored by the researcher (refer section

4.2.1.2.2 for DIT scoring) which substantially reduces the cost of analysis and is therefore the preferred option of most researchers. In the context of this research it is also argued that the updated stories of the DIT2 are no more relevant to the Malaysian context than the other two versions or do not provide a moral dilemma that is in any way superior to the original or short version of the DIT (refer Appendix 4.2 for a comparison of the DIT and DIT2 ethical dilemmas). For these reasons the DIT2 is not used in this study.

The short version of the DIT has similar characteristics to the original version (DIT Manual 1986) but only uses three of the six DIT ethical dilemmas (refer Appendix 4.1). Two of the ethical dilemmas from the original DIT are considered irrelevant and outdated to the Malaysian context. For example, one of the scenarios refers to students taking over the University administration buildings in protest over retaining an army program as a University course for sending students to the Vietnam War. In Malaysia, students are required to adhere to the Act of University and College University¹⁶ and taking over a building is considered a serious offence. Moreover, the Vietnam War is an outdated scenario and Malaysia is against the idea of war. Thus presenting this story or case will not create an issue or dilemma as it is considered irrelevant. Another story from the DIT relates to the dilemma facing a manager who fears hiring a good mechanic from a race that might turn customers away. Malaysia is a multi cultural society of various ethnic groups of Malays, Chinese, Indians and others, therefore this story relating to racial prejudice is not relevant and may impede the validity of the instrument. Two of the original DIT scenarios are very similar with both involving choices needing to be made in relation to a dying patient, therefore by dropping one of these two stories and adopting the short version of the DIT to present three of the six stories does not impair the validity and reliability of the instrument in achieving the objectives of this study. In addition, the short version is preferred as the instrument was administered repeatedly and there were concerns that the longer version may lead to exhaustion and loss of student focus and ultimately have a negative impact on valid and reliable data and response rates. Importantly, using the DITSV will not deteriorate the value as the

¹⁶ <http://www.agc.gov.my/agc/oth/Akta/Vol.%201/Act%2030.pdf>

internal consistency shows that the *Cronbach Alpha* was 0.77 for the 6 stories and 0.76 for the 3 stories (DIT Manual 1986).

Although the DITSV has been adopted for this study it has been modified to suit the Malaysian context. Firstly, Malaysian names were used, Zahir (to replace Heinz) in Case 1, Karim (instead of Mr. Thompson) and Puan Salmah (to replace Mrs. Jones) in Case 2 and Lim (replacing Fred) in Case 3. Secondly, Malaysian Ringgit (MYR) was used in Case 1 and to reflect the currency, the amount of money that Zahir has to raise was increased (from \$2000) to MYR120,000 by adding a total dose of 60 in order to suit current situation. Thirdly, as the Vietnam War is outdated and wearing long hair in school is not a questionable issue, the DITSV modified Case 3 using issues against the use of foreign intervention in international disputes (Haron et al. 2006) and caning pupils in school.

4.2.1.2.2 Implementation of the DITSV

Each of the three dilemmas or cases in the DITSV requires students to complete three tasks. Task 1 asks the student to nominate one of three actions they would take if faced with the particular situation (refer Appendix 1.2 for details of the ethical dilemmas). Task 2 contains 12 statements or questions relating to the dilemma and students are asked to rate the importance of each question on a five point scale from Great (1) to No Importance (5).

Each of the 12 items or statement has a score attached to it which relates to Kohlberg's stages of moral development (refer Table 4.2). For example, the first statement in Case 1 refers to Kohlberg's Stage 4 while statement 2 refers to Stage 3. There are also 'A and M' statements which are unrelated to ethical judgement making ability but are included in the DIT and DITSV to identify respondents who do not understand the dilemma presented, are not serious about giving honest responses or who answer without reading or considering the implications of the statement. This is a 'consistency check' and respondents may be eliminated when reaching certain scores (Rest 1990).

Table 4.2: Distribution of stage items in each case

Case	<i>Item/Statement</i>											
	1	2	3	4	5	6	7	8	9	10	11	12
<i>Case 1</i>	4	3	2	M	3	4	M	6	A	5A	3	5A
<i>Case 2</i>	3	4	A	4	6	M	3	4	3	4	5A	5A
<i>Case 3</i>	4	4	2	4	M	5A	3	3	5B	5A	4	3

Source: Adapted from DIT Manual (1990)

In order of preference, Task 3 requires students to nominate four of the 12 statements they perceive to be most important. The four rankings are assigned specific points, four points for the statement chosen as most important, three for the second most important, two points for the third and one point for the fourth ranked. Therefore, if a respondent ranks item 6 as most important, followed by 10, 12 and 4 respectively, four points are given to Kohlberg's Stage 4, three points to Stage 5, another two points to Stage 5 and one point to the 'A and M' score (unrelated to ethical development). This procedure is repeated for every case with the scores for each Stage determined. These scores are then converted to a percentage by dividing by 33 for the DITSV (or 60 for the DIT). The p-score is then calculated by adding the Stage 5 and 6 percentages. Thus p-scores are calculated based on the extent to which students apply the Post Conventional reasoning.

4.2.1.2.3 New Indexes

Researches applying DIT over two decades have extensively used the p-scores to assess moral judgement. Critics show that the p-score needs to be re-evaluated as the protocols in scoring the ranking data ignore missing data (Rest et al. 1997) and do not take into account the ratings of data (Bay 2002). To overcome these weaknesses, a new index (N2) was piloted by Bebeau and Thoma (1994) as a "measure of prioritizing the higher stages and a measure of discrimination and rejection of the lower stages" (Rest et al. 1997: 500). This indicates that respondents who score more in the higher stages (Stage 5 and 6) than the lower stages (2 and 3) will be rewarded in the N2 as their N2 will be higher than their p-score. On the other hand, the N2 will penalize respondents who have high lower

stage scores (Stage 2 and 3) resulting in lower N2 than the initial p-score. This is because rating the data, as opposed to ranking, is the basis for the calculation of N2. The below formula illustrates the computation of N2:

$$N2 = P\ score + \left(\frac{(Stage\ 5 + Stage\ 6) - (Stage\ 2 + Stage\ 3)}{\text{standard deviation } (Stage\ 2 + Stage\ 3 + Stage\ 5 + Stage\ 6)} \right) \times 3$$

In addition to a better score in assessing moral judgement, the N2 is “more sensitive to educational intervention than the p-score” (Rest et al. 1997: 501) and produces bigger matched *t statistics* than the p-score, indicating that the former is a better indicator in assessing the level of moral judgement making ability. The N2 also shows stronger longitudinal trends when involving all types of life experience. Thus, along with p-scores, the N2 is also computed as a measurement of ethical judgement making ability among Malaysian accounting students.

4.2.1.3 Faith Maturity

A multi-dimensional faith maturity scale, developed by Benson, Donahue and Erikson (1993), is used to reflect a person’s commitment to the spiritual and social aspects of their faith. According to Benson et al. (1993), the responses will reflect whether a person has horizontal religiosity, which indicates an emphasis on serving humanity/society and acts of mercy and justice, or vertical religiosity which represents an emphasis on maintaining and honouring a relationship with God. The initial 38 items have been factored and scaled down to 12 items to be “economically and efficiently utilised by other researchers” (Benson, Donahue, and Erickson 1993: 22) and found to be as reliable as the longer version (Benson, Donahue, and Erickson 1993; Csarny, Piedmont, Sneck, and Cheston 2000). Benson re-categorised the four types of religiosity into Integrated faith (high Vertical and Horizontal), Undeveloped faith (low Vertical and low Horizontal), Horizontal and Vertical faith. The response scale is a seven point scale from ‘Never true’ to ‘Always true’. The items were developed by a Protestant church group and have been viewed as generally appropriate and applicable in other

faiths and religions based on the pilot work and feedback from experts¹⁷. However, to suit the nature of different religious affiliations in Malaysia, minor wording modifications on seven items were made to enhance clarity and focus in a Malaysian context (refer Appendix 4.3).

The faith maturity scale was omitted from the second phase survey as the focus of that stage is the difference or development of ethical sensitivity and judgement making ability after an ethics course intervention. However, the scale is again included in the third phase questionnaire as studies show that faith maturity or religiosity develops in an academic environment (Astin and Astin 2004) and adults in general become more religious as they age (McCullough, Enders, Brion, and Jain 2005).

Students' faith maturity is analysed using cluster analysis, a multivariate statistical technique used to group individuals (Hair, Anderson, Tatham, and Black 1995) into one of the four groups based on their responses of the 12 items.

4.2.1.4 Ethical Sensitivity

In measuring ethical sensitivity, sixteen business related scenarios developed by Longenecker et al. (1989) were employed in all three surveys (refer to Section C of Appendix 1.2 and Section B of Appendices 1.3 and 1.4). Using Kohlberg's cognitive moral development as a guide the instrument was initially designed to gauge the ethical judgement of entrepreneurs. The original instrument comprises 25 scenarios but the 16 scenarios are widely used in studies involving students, managers and entrepreneurs (Wood et al. 1988; Longenecker, McKinney, and Moore 1989; Conroy and Emerson 2004; Vynoslavskaya et al. 2005; Weeks, Longenecker, McKinney, and Moore 2005; Longenecker et al. 2006).

The sixteen vignettes have been used by research involving practitioners and students for various objectives (Wood et al. 1988; Longenecker, McKinney, and Moore 1989; Weeks et al. 1999; Wu 2003; Longenecker, McKinney, and Moore

¹⁷ A personal communication was done with Dr. Khalid Zaheer, an associate professor of Islamic Studies and Ethics at Lahore University of Management Science (LUMS). He teaches ethics, writes and conducts studies on ethics particularly in Islamic ethics.

2004; Vynoslavskaya et al. 2005; Longenecker et al. 2006). The short scenarios are everyday situations most Malaysians deal with in their professional lives. Situations such as gender inequality in employment, bidding contracts, and gift giving (Rashid and Ho 2003) are common issues in the Malaysian setting. Malaysia has a collective society and is a developing nation which makes cronyism an important issue (Johnson and Mitton 2003) and copyright an important and contemporary issue (Chong 2002; Lee 2005; IDC 2008). In addition, almost all business ethics courses include business related topics on ethics, thus the scenarios attempt to assess both students' sensitivity and the effectiveness of the course itself.

Minor modifications to the 16 scenarios (refer to Appendix 1.2 Section C) have been made to suit the Malaysian context. These include using Malaysian currency in all dollar signs (Vignette A, E, P) and increasing the monetary amount to match the value of Malaysian currency (Vignette E, P). This study also replaces the term *President* to *Chairman* (Vignette F, J) and *Director* (Vignette H) as the latter is more commonly used in Malaysia. The term *Christmas* is changed to *Hari Raya* (Vignette H), the word *share* replaces *stock* (as in company shares) (Vignette C, I) and the use of the term Surgeon General Office has been changed to the Ministry of Health (Vignette O).

4.2.2 Ethics lecturers' questionnaire

A self-designed questionnaire (refer Appendix 1.5) was distributed to six ethics lecturers teaching an ethics class. No one instrument has been developed to examine the perception of ethics lecturers towards the teaching of an ethics course, and the content and processes they adopt in an ethics course. Therefore, the questionnaire draws on relevant literature as examined in the remainder of this section. In order to reach a wider audience and make valid comparisons with content and methods of delivery, an additional six questionnaires were sent to ethics lecturers not identified with students in this research. In total, twelve questionnaires were distributed, eight sent to lecturers via email prior to visiting their ethics class and four handed out and collected during the first phase data collection.

Based on a preliminary study¹⁸ of Malaysian university websites, business ethics courses provided by the higher learning institutions vary in content and delivery. This necessitated that the questionnaires to ethics lecturers consist of statements relating to the lecturers' experience, qualifications, and issues on teaching the ethics courses, including their views on the content and process of how they conduct their ethics course. Lecturers were required to respond to statements on a six point scale from Always true (1) to Never true (6).

A total of 35 statements were developed based on past literature recommending aspects of an effective ethics course. The first six statements relate to a lecturers' ability on conducting an ethics course. The statements were formulated based on the belief that lecturers must have confidence, feel comfortable in teaching ethics, and have a sense of responsibility in ensuring that the course is delivered effectively (Kohlberg 1981a; Leung and Cooper 1994). Statements 7-10 are aimed at capturing views on factors that may influence students' ethical perspectives such as the influence of upbringing (White 2000; Yusof et al. 2002), culture (Jaafar et al. 2004; Smith and Hume 2005; Rashid and Ibrahim 2008), religion (Singhapakdi et al. 2000; Conroy and Emerson 2004; Ruhe and Lee 2008) and the ethics course itself (LaGrone, Welton, and Davis 1996; Dellaportas 2006).

Based on Kohlberg's (Kohlberg 1981a) argument that in stimulating moral development an ethics course should provide an education experience that arouses interest, enjoyment and challenges in the class, statements 11 – 26 and 31-35 are aimed at gathering information on how lecturers manage an ethics course. Aspects of these statements include whether ethics lecturers adopt a teacher-oriented or student-oriented method¹⁹, the types of teaching practices and

¹⁸ Information gathered through personal communications via emails, observations in business ethics class, course syllabi.

¹⁹ In a teacher-oriented approach, lecturers deliver ethical knowledge with limited student participation (i.e. lecture, guest speaker, team teaching, codes of conduct) (Wentland 2004) while in the student-oriented approach, students are encouraged to participate in class discussion and employ various communication channels such as presentations and discussions of case studies or stories, experiential methods such as simulation, role-playing and drama or field work such as community service and visits (Brown 1994; Sanyal 2000; Sims 2002; Watson 2003; Wentland 2004).

approaches employed, such as the use of role play, case studies and personal journals as these are popular tools for effective ethics teaching (Brown 1994; Hill and Stewart 1999; Maclagan 2003; Wentland 2004; Woodbine 2005; Harris 2008). Information on the types of materials²⁰ used in ethics classes is also sought (Maclagan 2003) as well as lecturers views of the assessments used and whether these reflect students' performance and achievement in class (Girgin and Stevens 2005). Statements 27-30 are aimed at the experience and expertise of lecturers as past research presents different findings on who should best teach ethics (Leung and Cooper 1994; Morris 2001) (refer Appendix 4.4 for a detailed examination on research arguments as to who should teach ethics classes).

4.2.3 Questionnaire translation

The student's questionnaire has been translated to the Malay language to overcome language difficulties. The translation was prepared by an independent expert from the University of Technology Malaysia who translates official documents for the university, is an English language lecturer with a bachelor in Linguistics and a master's degree in Teaching English as a Second Language. To ensure accuracy, the back-translation was conducted by a second expert who is an English teacher in public secondary school, holds a bachelor and master degree in Teaching English as a Second Language and translates documents on request. The final Malay version was examined by a third independent English lecturer who was asked to compare and comment on the reliability and integrity of both versions.

4.3 Population and Sample

The Malaysian higher education system comprises universities, college universities, colleges, polytechnics and community colleges (www.mohe.gov.my). This study concentrates on the university system. Approximately 60% of Malaysian accounting students attend public universities and 40% attend private universities (Ministry of Higher Education Malaysia 2006c, 2006b). The

²⁰ Materials may consist of case studies and dilemmas ranging from big issues to everyday issues.

population comprises 19 universities offering degrees in Accounting with twelve public universities and seven privates (refer Table 4.3) (www.mohe.gov.my).

Table 4.3: Population and sample Malaysian universities with Accounting degree

	Population	Sample		
		Phase 1	Phase 2	Phase 3
Ethics course:				
Public	8	3	2	n/a
Private	7	3	2	
Without ethics course				
Public	4	2	2	n/a
Private	0	0	0	
Practical training				
Public	12	n/a	n/a	2
Private	5			2
Without practical training				
Public	0	n/a	n/a	0
Private	2			2

Of the twelve public universities, eight require their accounting students to take a business ethics class (as at July 2009), with the remaining four either offering the course as an elective or do not offer the course at all. Business ethics units are compulsory in all accounting programs of private universities. All public universities send their students out for work experience in accounting practices, varying between three and six months. Two private universities do not include practical training in their three year accounting program but the remaining five require students to undergo practical training ranging from three to six months.

Table 4.4 reports the number of graduates produced by the public universities offering an accounting program which have been recognised by MIA. The most recent information estimates that there are about 5,000 to 6,000 accounting students enrolled in both public and private universities at a particular time. This study targeted a sample of approximately 600 accounting students throughout Malaysia, selected from eight out of 19 universities providing an accounting degree (refer Table 4.3). These students are predominantly third and final year

accounting students, as the structure of the program varies slightly between public and private universities.

Table 4.4: Analysis of Graduates of Bachelor in Accounting (Honours) from public universities

Year	Total
2005	2047
2004	2495
2003	2353
2002	2942
2001	2802
2000	2626
First graduates till year 1999	12689

Source: Reassessment Report on Accounting Programme at Public Universities 2006 (Ministry of Higher Education Malaysia 2006a)

In line with university administration and regulation constraints, the researcher contacted either the ethics lecturers directly or the administration from all public and private universities in Malaysia. Five public universities and three private universities lecturers consented to participate in the study and this enabled the population of each class to be contacted. A total of 595 students participated in the first phase, 350 students in the second phase and 149 in the third phase (refer Table 4.7, sections 4.5.2 and 4.5.3 for details on the second and third phase populations).

In the first phase, data was collected from accounting students in three public and three private universities who attended an ethics course (experiment group), as well as from two public universities who did not offer an ethics course (control group). Due to low responses in the second phase, one public and one private university were excluded from the analysis leaving data from two public and two private universities on whether an ethics course can improve ethical sensitivity and ethical judgement making ability and whether practical training has some influence on students' ethical development.

Sample attrition occurs in the second and third phase of data collection and this will be further explained in Section 4.5.2 and 4.5.3. Students who form the sample in testing the hypotheses vary, thus it is important to clarify the sample as shown in a table as a mean of example (refer Table 4.5).

Table 4.5: Example of student sample included in testing the hypotheses

Student ID	Phase 1	Phase 2	Phase 3	EC	PT	MEP
1	√	√	√	H	H	H
2	√	√	-	H	-	-
3	√	√	√	H	H	H
4	√	√	√	H	H	H
5	√	-	-	-	-	-
6	√	√	√	H	H	H
7	√	√	-	H	-	-
8	√	√	√	H	H	H
9	√	-	√	-	-	-
10	√	-	-	-	-	-
11	-	√	√	-	H	-
12	-	√	√	-	H	-

Legend: H- relevant hypotheses; √- completed relevant phase

Table 4.5 shows that there are initially 10 participants in the study (Phase 1). Due to sample attrition, only seven participate in Phase 2 but Students ID 11 and 12 appeared first time in the second phase and then took the third phase survey. In Phase 3, eight students from the total 12 participate. Thus the next three columns show students included in the hypotheses tested. In addition, note Student 9 only participates in Phase 1 and 3 surveys, resulting to an exclusion from all tests. This is because the study attempts to determine the effect of MEP which consists of both ethics course and practical training, making it substantially different from other studies (for example, Abdolmohammadi and Reeves 2000; Welton and Guffey 2009). Therefore, in determining the effect of moral education program (MEP), only students who participated in all three phases will be included in testing H_5 and H_6 . The effects of ethics course and practical training are analysed independently. Consequently, in determining the effect of ethics course (H_1 and

H₂), students who participated in Phase 1 and 2 are included in the analysis while students who participated in Phase 2 and 3 are included in determining the effect of practical training (H₃ and H₄). Note that students in the latter sample may not be in the analysis of the MEP.

4.4 Pilot work

The instruments employed in this study have been widely used, tested and validated. However, as there has been little research done in the Malaysian context a pilot study was conducted in order to answer the following questions:

- (i) How long does a respondent take to complete the questionnaire?
- (ii) Are the instructions comprehensible?
- (iii) Can a respondent follow the instructions and answer the questions or requirements without supervision?
- (iv) Are there questions or sections that any particular respondent is unable to answer?

A total of eleven undergraduate accounting and economic students from Curtin University of Technology and the University of Western Australia participated in the pilot study. Eight were Malay Malaysians and the remaining three were from the Republic of China. The characteristics of the respondents are illustrated in Table 4.6:

Table 4.6: Profiles of pilot work respondents

	Malay	Chinese	Total
Male	6	1	7
Female	2	2	4
Total	8	3	11

The age mean of the respondents is 22.1 which is approximately the same as the targeted research respondents. When asked about the length of time to complete the survey all respondents who were given the English version questionnaire claimed that they took about 45 minutes and stated that the statements and questions are generally understandable. However, one respondent did not

complete Task 3 in all DIT cases, while two respondents answered correctly in two cases but failed to answer the third case appropriately. The remaining three respondents did not appear to understand the DIT and failed to answer Task 3 correctly. It can be concluded that respondents were unable to complete the DIT tasks without explanations, and that providing an example was not sufficient.

Although all respondents did not seem to have problems answering other sections of the questionnaire, there was concern that those without any particular religion or belief would not be able to respond to the statements in Section D on faith maturity. This concern appeared unfounded as two respondents who did not have any religious affiliation responded adequately to the statements relating to religiosity. No respondents raised issues regarding the structure, phrasing or instructions in the questionnaire.

From the pilot study it is concluded that the first phase survey required no modification but that Task 3 of the DIT would require the researcher to explain this section to respondents. As the pilot respondents were not the targeted group of this study, their responses will not be further analysed.

4.5 Data Collection Process

Both primary and secondary data were collected in this study. Primary data was collected from two questionnaires, one administered to students and the other to ethics lecturers. The student's questionnaire was administered in three phases. The first phase was administered in the first two weeks when students commenced their ethics course unit, the second phase was towards the end of the course and the third phase was on completion of practical training some three to six months after completion of the ethics course.

Secondary data was gathered from ethics syllabi from the sample universities. Several ethics syllabi were obtained from the University websites with the majority collected from the ethics lecturers before or during the administering of the student's questionnaire.

4.5.1 First phase data collection

Six months before the first phase of data collection was due, the researcher gained approval from eight ethics lecturers from Malaysian public and private universities. Six of the Universities offer business ethics course in their accounting program while the other two did not. The lecturers agreed to assist in the data collection process and allowed the researcher to administer the first phase collection in class. The researcher was given the dates and class times suitable to the lecturer. All lecturers were informed before hand that the process would take approximately 45 minutes and that students were to complete the questionnaire in class.

The research was briefly explained to students in class who were requested to sign a consent form to indicate that they agreed to participate in all three phases but had the right to withdraw from the research at any time. The researcher described the requirements of the DIT tasks and responded to any questions that arose. At the end of the 45 minutes sessions, all responses were collected. A total of 595 usable questionnaires were collected from the first phase.

4.5.2 Second phase data collection

The questionnaires were distributed by the lecturers in the last or second last class of the 14 week semester. The questionnaires were completed outside class time due to semester time constraints. Only 350 usable questionnaires were collected representing 58.8% of the total respondents from the first phase. The lower response rate is not unexpected and is one of the limitations of longitudinal research involving several groups of respondents from different locations. Factors contributing to the lower response rate include the administration of the questionnaire outside class time, students failing to complete the course, absenteeism when the surveys were distributed and failure to return some questionnaires despite reminders. Two universities, Public C and Private F, have been excluded from further analysis due to the poor response rate. The number of Public C respondents reduced from 61 in the first phase to 6 in the second phase (refer Table 4.7) as no assistance was received in administering the second phase questionnaire. Private F respondents also decreased from 68 in the first phase to

17 in the second phase. Email requests to students in these universities failed to produce sufficient responses. This resulted in a different approach in collecting data for the third phase.

4.5.3 Third phase data collection

The third phase data collection was conducted after students completed their practical training. Collecting data at the third phase was challenging as students in four of the six remaining sample universities did not return to their university as the practical training component is their exit to graduation. Therefore data collection was undertaken using various approaches. Lecturers from the two universities that require students to return for another semester after practical training were approached directly to administer the third phase questionnaire. A letter requesting students' mailing addresses was sent to the school administration for the remaining universities. This approach produced varying results with Table 4.7 summarising the number of respondents in each phase.

Table 4.7: Statistics of respondents by university

Institutions	Ethics Unit	Practical training	Type of Inst.	Data Collected	First phase	Second phase	Third phase
Public A	Yes	Yes	Public	July	78	55	48
Public B	Yes	Yes	Public	Dec	106	102	19
Public C	Yes	Yes	Public	July	61	6	excluded
Private D	Yes	Yes	Private	July	117	61	34
Private E	Yes	Yes	Private	July	69	46	25
Private F	Yes	Yes	Private	Dec	68	17	excluded
Control G	No	Yes	Public	July	62	29	2
Control H	No	No	Public	Dec	34	28	21
TOTAL					595	350	149

4.6 Analysis

This study uses both quantitative and qualitative data analysis. The consistency and reliability of the instruments were addressed in the pilot phase of this

research. Validity checks of the data collected can be found in the data analysis in Chapters 5, 6 and 7.

4.6.1 Quantitative analysis

This study uses the p-score (and its derivatives) of the DITSV instrument to measure ethical judgement. Specifically, the p-score allows a researcher to determine ethical judgement making ability (Rest et al. 1999b; Haron et al. 2006). It is a measure of the extent to which an individual applies principled moral reasoning in determining how a number of hypothetical moral dilemmas ought to be resolved.

Various *univariate* statistical techniques are applied to the hypotheses developed in Chapter 3 with the techniques used in this study expanded on in the relevant data analysis chapters (for example, paired t-tests, t-test, Analysis of Variance and correlation analysis). Additional investigations permit the use of multivariate techniques, such as factor analysis, regression and a General Linear Model (GLM) Repeated Measure. GLM Repeated Measure determines the within-subject factor (that is, whether students improve their ethical sensitivity and judgement making ability over time) and between-subject factor (whether students who undertake an ethics course improve their ethical sensitivity and judgement making abilities). By dividing the sample into groups, it is possible to investigate the main and interactive effects of various independent variables. Table 4.8 summarises the statistical analysis used in measuring the variables in this research and testing the hypotheses. In all instances investigations involve the use of Statistical Package Social Science or SPSS Version 15.0.

Table 4.8: Tests of variables

	Variables		Statistical tests/analysis
	Independent Variable	DV ^a	
H₁	Ethics course intervention	ES	Paired t-test, factor analysis
H_{1.1}	Religious affiliation	ES	Paired t-test
H_{1.2}	Faith maturity	ES	Regression
H_{1.3}	Type of institution	ES	Paired t-test
H_{1.4}	Academic performance	ES	Paired t-test
H_{1.5}	Content and process of ethics course	ES	Paired t-test, Content analysis
H₂	Ethics course intervention	EJMA	Paired t-test
H_{2.1}	Religious affiliation	EJMA	Paired t-test
H_{2.2}	Faith maturity	EJMA	Correlations
H_{2.3}	Type of institution	EJMA	Paired t-test
H_{2.4}	Academic performance	EJMA	Paired t-test
H_{2.5}	Teaching process and content	EJMA	Paired t-test, Content analysis
H₃	Practical training intervention	ES	Paired t-test
H₄	Practical training intervention	EJMA	Paired t-test
H₅	Moral education program	ES	GLM Repeated measures
H₆	Moral education program	EJMA	GLM Repeated measures

Legend: ^aDependent variable

4.6.2 Qualitative analysis

The hypotheses on the influence of teaching ethics course management are supported by analyses of data from the lecturer's questionnaires and ethics course support material, including ethics syllabi. The constructs of an effective ethics course (objective, expertise, content and process) that largely influence students' ethical sensitivity and judgement making ability were identified in Section 3.3 and the different teaching process and content are analysed in Chapter 7. Content analysis is used to analyse and compare the ethics course syllabi.

4.7 Summary

This chapter detailed the construction of the survey instrument for students and lecturers, justified the selection of the respondents and highlighted some of the difficulties associated with the data collection. In summary, this longitudinal study involves three phases of data collection to assess the effects on ethical

sensitivity and ethical judgement making ability of two interventions, an ethics course and practical training. The study also examines the combined impact of these interventions. The population and sample of this study are sought and reported. Six universities (four universities in the experiment group and two in the control group) from 19 which offer a degree in accounting are included in the final research sample. Respondents are third and final year accounting students from public and private Malaysian universities in the sample universities. Primary data (questionnaires) and secondary data (ethics syllabi) are used. Two sets of questionnaire were distributed, student and ethics lecturers questionnaire. The student questionnaire consists of several sections to gauge demographic information, the short version of DIT to measure ethical judgement making ability, sixteen business related ethical scenarios to measure ethical sensitivity and faith maturity statements. Questionnaires were distributed to students at three different phases to obtain data on ethical sensitivity and ethical judgement making ability resulting from an ethics course and practical training intervention. The calculation of p-score and N2 Index are also illustrated in this chapter. The nature of each phase is also described. A pilot work was conducted to determine the clarity of questionnaire instructions and the duration of answering it. The pilot work concludes that the data collection process needed administering at Phase 1 as providing an example in the DIT tasks was not sufficient. A questionnaire requesting information on experience, expertise, course content and delivery methods was distributed to ethics lecturers. Data collected will be analysed in Chapters 5, 6 and 7 using univariate (for example, t-test, ANOVA, paired t-test) and multivariate analysis (Factor analysis, Regression and GLM Repeated Measures). Chapter 5 focuses on the level of students' ethical sensitivity for all three data collection phases, before any intervention, after an ethics course and after practical training. Ethical judgement making ability is the focus of Chapter 6 while Chapter 7 analyses the data collected from the lecturers' questionnaire, the content and process of ethics courses delivered in the experiment universities and qualitative feedback from students on their ethical experience during practical training.

Chapter 5: The Effect of Educational Interventions on Ethical Sensitivity

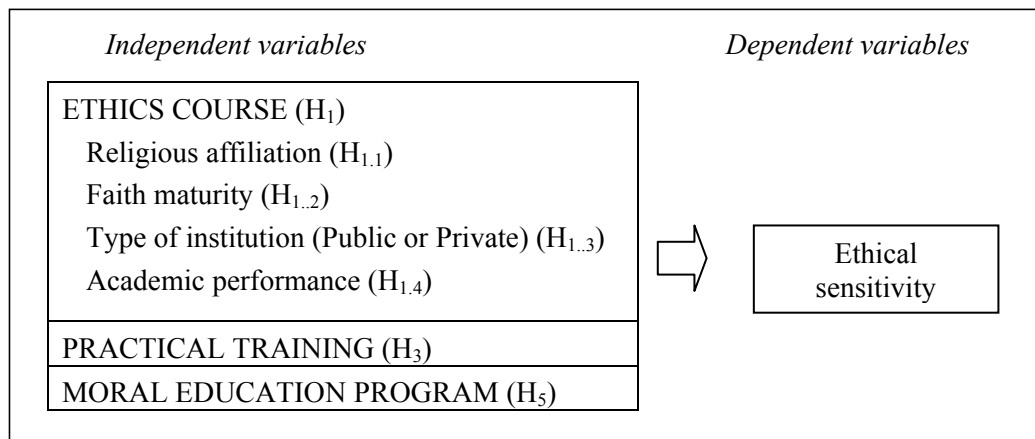
“The conscience of children is formed by the influences that surround them; their notions of good and evil are the result of the moral atmosphere they breathe”.

~Jean Paul (1763-1825)

5.0 Introduction

Chapter 4 described the methodology of this three phase study on Malaysian students’ ethical development involving two components of Rest’s ethical processes, ethical sensitivity and ethical judgement making ability (Rest 1986). This chapter reports the effects of an ethics course and practical training interventions on the first component – ethical sensitivity. The chapter also examines the combined effect of these interventions, the moral education program (MEP), on ethical sensitivity. Figure 5.1 identifies the aspects of the conceptual design (refer to Figure 4.1) that will be examined in this chapter.

Figure 5.1: Conceptual design connecting variables



Section 5.1 begins with the description of respondents’ demographic profile using descriptive analysis. Sections 5.2 and 5.3 respectively reports the results of students’ ethical sensitivity at the pre-ethics course stage and identifies the sensitivity constructs from the sixteen scenarios using factor analysis (that is, using the Principal Components approach). Factor analysis is also used to identify the constructs of faith maturity as illustrated in Section 5.4. Section 5.5

describes the effects of various demographic factors on ethical sensitivity respectively. The aim is to give a general indication of the extent to which Malaysian students are aware of and concerned by ethical issues before any ethics course and practical training intervention take place.

Sections 5.6 and 5.7 present the demographic profile at the post ethics course phase and the findings relating to the effects of an ethics courses on students' ethical sensitivity compared to students who did not undertake an ethics course (H_1) respectively. These sections also report the effects of various demographic factors on the observed changes to ethical sensitivity which leads to the tests of the sub- hypotheses ($H_{1.1}$, $H_{1.2}$, $H_{1.3}$, and $H_{1.4}$). The findings of the effects of practical training on students' ethical sensitivity (H_3) are reported in Section 5.8 and the impact of the MEP (H_5) is reported in Section 5.9.

5.1 Pre-ethics course: Demographic profile

A total of 607 students from eight universities (five public²¹ and three private) answered the first phase questionnaire with 595 usable questionnaires in this phase. Student profiles are classified as gender (Table 5.1), religious affiliation (Table 5.2), age and academic performance (Table 5.3) and are organised to differentiate this profile according to the type of institution (public and private) and experiment (universities providing ethics courses) versus control (universities not providing courses) groups.

The profile comparing type of institution that provide ethics courses show respondents are almost equally divided between public and private universities. Within public universities, the ratio of male compared to female respondents is one to four. Within the private universities, the male respondents constitute a quarter of the sample compared to females. This is consistent with statistics provided by the Ministry of Higher Education Malaysia (2006c, 2006b). Within the sample of universities conducting ethics courses, females again dominate (refer Table 5.1).

²¹ Two of these are included in a control group as they do not provide ethics courses.

Table 5.1: Cross tabulation on students' demographic profile (Gender vs. type of institution and ethics course provided)

		Type of institution (TI)		Ethics intervention (EI)	
		Public	Private	Yes	No
Male	Count	64	63	111	16
	% within gender	50.4%	49.6%	87.4%	12.6%
	% within TI, EI	18.8%	24.9%	22.2%	16.3%
Female	Count	277	190	387	80
	% within gender	59.3%	40.7%	82.9%	17.1%
	% within TI, EI	81.2%	75.1%	77.8%	83.3%
Total	Count	341	253	498	96
	% within gender	57.4%	42.6%	83.8%	16.2%
	% within TI, EI	100.0%	100.0%	100.0%	100.0%

Respondents in this study come from different religious backgrounds and the sample profile is illustrated in Table 5.2.

Table 5.2: Cross tabulation on students' demographic profile (Religious affiliation v. type of institution and ethics course provided)

Affiliation		Type of institution (TI)		Ethics intervention (EI)	
		Public	Private	Yes	No
Islam	Count	204	123	332	96
	% within belief	62.4%	37.6%	77.6%	22.4%
	% within TI, EI	82.9%	49.8%	66.7%	100.0%
Hindu	Count	1	31	32	0
	% within belief	3.1%	96.9%	100.0%	.0%
	% within TI, EI	.4%	12.6%	6.4%	.0%
No religious affiliation	Count	1	4	5	0
	% within belief	20.0%	80.0%	100.0%	.0%
	% within TI, EI	.4%	1.6%	1.0%	.0%
Buddhism	Count	26	64	90	0
	% within belief	28.9%	71.1%	100.0%	.0%
	% within TI, EI	10.6%	25.9%	18.2%	.0%
Christian	Count	13	19	32	0
	% within belief	40.6%	59.4%	100.0%	.0%
	% within TI, EI	5.3%	7.7%	6.4%	.0%
Others	Count	1	6	7	0
	% within belief	14.3%	85.7%	100.0%	.0%
	% within TI, EI	.4%	2.4%	1.4%	.0%
Total	Count	246	247	498	96
	% within belief	49.9%	50.1%	83.8%	16.2%
	% within TI, EI	100.0%	100.0%	100.0%	100.0%

In general, Muslim students dominate the sample within public universities, the next largest consist of Buddhists, followed by Christians. However, within private universities, Muslim students only constitute half the sample size, followed by Buddhists and Hindus. It also appears that most Muslims in the sample attend public universities while the majority of Hindus, Buddhists, students of other religions and those professing no religious affiliation are enrolled in private universities. Slightly less than two thirds of Christians are enrolled in private universities.

Cross tabulations between students with and without an ethics intervention shows that Muslims dominate both groups, that is, two-thirds and one hundred percent respectively.

Table 5.3 illustrates the distribution of age and academic performance between type of institution and institutions providing or not providing an ethics course. 547 or 91.2% of respondents reported their Cumulative Grade Point Average (CGPA) with average score of 3.02 (with highest achievement of 4.0). The means of age and CGPA of students in the control and experiment groups are very similar.

Table 5.3: Age and grade distribution

	Mean	Type of institution (TI)		Ethics intervention (EI)	
		Public	Private	Yes	No
Age	21.97	22.12	21.78	21.92	22.26
CGPA	3.02	2.98	3.07	3.02	3.01

5.2 Pre-ethics course: ethical sensitivity

The level of ethical sensitivity is registered along a seven point scale ranging from ‘Not acceptable’ (1) to ‘Always acceptable’ (7) involving 16 ethics related scenarios. Thus a lower score demonstrates a tendency not to accept a situation indicating a higher level of ethical sensitivity. Table 5.4 illustrates that in total, students scored a mean of 3.29 in all 16 scenarios indicating that before being exposed to any ethics education or practical training experience they were

somewhat ethically sensitive compared to the midpoint score of 4. After examining the results of the individual scenarios (refer Appendix 1.2, Section C for complete scenarios), it was found that students scored a low sensitivity on the issue of insider trading with the highest mean score (3.94) of all the items. This is also a scenario that 47 students rated²² as ‘Always acceptable’. It is probably due to the nature of the situation where it involves self interest, may not result in overt financial harm to others and has a relatively low risk of getting caught.

Table 5.4: Responses on ethical sensitivity scenarios

Ethical scenarios*		Mean	SD	Frequency of ‘7’ (Always acceptable) response
A	Pad expense account	3.31	1.697	27 (4.6%)
B	Exceed legal pollution limits	1.76	1.371	10 (1.7%)
C	Recommend poor investment	2.30	1.399	9 (1.5%)
D	Tax evasion	2.54	1.516	10 (1.7%)
E	Bribing a foreign official	3.59	1.838	46 (7.8%)
F	Stealing information	3.37	1.799	31 (5.2%)
G	Bidding scam	3.77	1.689	31 (5.2%)
H	Gifts giving	3.74	1.586	25 (4.2%)
I	Insider trading	3.94	1.683	47 (7.9 %)
J	Cronyism	3.25	1.848	33 (5.5%)
K	Flaw cover-up	2.11	1.394	4 (0.7%)
L	Hide financial truth	3.09	1.789	26 (4.4%)
M	Gender inequality	2.85	1.731	24 (4.0%)
N	Unscrupulous marketing strategy	3.44	1.847	42 (7.1%)
O	Harmful campaign	2.97	0.013	45 (7.6%)
P	Using illegal software	3.33	1.781	29 (4.9%)

* See Appendix 1.2 Section C for full details of the scenarios

The next highest score is scenario G, where students are inclined to accept situations involving an unfavourable competitive condition leading to mutual agreement in gaining benefits. Scenario H is the third highest, where distributing gifts during a festive season is perceived as somewhat acceptable. Although this may affect independence it is a common local practice in Malaysia and may

²² Using one sample t-test, the mean of 3.29 is significantly ($p=.000$) lower than the midpoint of 4 (scale of 1 to 7)

therefore be seen as acceptable. In contrast, students' demonstrate a high sensitivity on the issue of pollution as the mean score is the lowest (1.76).

5.3 Pre-ethics course: Factor reduction of ethical sensitivity items

Factor analysis was conducted to understand the structure and nature of a set of ethical issues and identify underlying dimensions associated with particular variables (Field 2005). Principal Component Analysis was used to construct factor matrices. *Varimax* with *Kaiser Normalization* was then used to rotate within 10 iterations of convergence. The analysis produced four constructs (refer Table 5.5) within fifteen scenarios with Eigen values greater than 1 (KMO (0.844) and the χ^2 value of *Bartlett's* test significant ($p < 0.000$)).

Table 5.5: Factor analysis of ethical sensitivity scenarios

Scenario		Factor construct			
		Serious legal and reportable issues	Profit motive scenarios	Marketing and promotion strategies	Denial of stakeholders' rights
B	Exceed legal pollution limits	.727			
C	Recommend poor investment	.727			
D	Tax evasion	.681			
K	Flaw cover-up	.516			
E	Bribing a foreign official		.643		
F	Stealing information		.502		
G	Bidding scam		.685		
H	Gifts giving		.560		
I	Insider trading		.657		
J	Cronyism			.768	
N	Unscrupulous marketing strategy			.508	
O	Harmful campaign			.629	
P	Using illegal software			.606	
L	Hide financial truth				.519
M	Gender inequality				.779
% of Variance explained by each construct		25.0%	10.2%	7.5%	6.4%

One of the original sixteen scenarios (Scenario A) was dropped as the loadings for this variable were below the cut-off 0.4 for each construct. The *Cronbach's alpha* index of 0.792 indicates that the level of internal consistency was satisfactory (Hair et al. 1995). The fifteen ethical scenarios were then labelled according to the nature of the scenarios.

The first construct *Serious legal issues and reportable issues* consists of four scenarios relating to environmental pollution (B), giving false advice (C), tax evasion (D) and refusal to whistle blow (K). The second construct, *Profit motive scenarios*, comprises five scenarios which involve bribery (E), stealing of information (F), bidding scams (G), gift giving during festive season (H) and insider trading (I). Wu (2003) completed a similar factor analysis of the 16 scenarios and labelled a similar group of variables as 'profit orientation'. The third construct, *Marketing and promoting strategies* involving either a colleague or product, consists of four scenarios associated with favouritism (J), marketing scams (N), supporting smoking campaign (O) and copyright issue (P). The fourth construct, *Denial of stakeholders' rights* comprises two scenarios involving hiding financial truth (L) and employment discrimination (M).

Before undergoing any ethics intervention, Table 5.6 illustrates that students displayed the highest level of ethical sensitivity related to *Serious legal and reportable issues* with a mean of 2.19. The scenarios in this construct are clearly questionable and the results indicate students are aware of the moral content. The second highest level (mean of 2.96) related to *Denial of stakeholders' rights*. In a Malaysian context, this result is not surprising as it is not uncommon for stakeholders' rights to be transgressed in Malaysia. Within this construct, one of the scenarios is gender issues and with a mean of 2.85 demonstrates awareness that students are very much aware of discrimination against females who are not give equal opportunity (Women's Aid Organisation 2001). Students scored a mean of 3.25 in scenarios involving *Marketing and promotion strategies* while the *Profit motive scenarios* (mean of 3.69) shows the lowest level of ethical sensitivity. For the former construct it is considered that the scenarios do not impact on the individual (such as use of illegal software) and thus students may be less sensitive to these issues. *Profit motive scenarios* are somewhat ambiguous

and students may see them as less serious resulting in the highest five mean scores indicating less concern or a degree of acceptability.

Table 5.6: Means of scenarios grouped in each construct

Ethical sensitivity construct	Means (range 1 to 7)
<i>Serious legal and reportable issues</i>	2.19
<i>Denial of stakeholders' rights</i>	2.96
<i>Marketing and promotion strategies</i>	3.25
<i>Profit motive scenarios</i>	3.69

5.4 Pre-ethics course: Faith maturity as a measurement of religiosity

While other studies have used a single dimension to represent religiosity (for example, Conroy and Emerson (2004) used church attendance), this study has employed a scale developed by Benson Donahue, and Erickson (1993) which is arguably more reliable (Piedmont and Nelson 2001). The short version of the faith maturity scale consisting of 12 items is used to reflect a person's commitment to his or her religion (refer Appendix 1.2, Section D). Students rated the items using a seven point response scale.

The twelve items in Benson et al.'s (1993) instrument are made up of seven items which describe Vertical religious orientation which emphasises maintaining and honouring a relationship with God (Benson, Donahue, and Erickson 1993) and five pertaining to the Horizontal construct which emphasises serving humanity and society. The Principal Components analysis with *Varimax* rotation (refer Table 5.7) identified that six items represented Vertical religiosity (5, 6, 9, 10, 11, 12) and six items (item 1, 2, 3, 4, 7, 8) represented Horizontal religiosity. This construction is consistent with the categorization made by Benson et al. (1993) except for item 2 which Benson et al. (1993) labeled as a Vertical component.

Table 5.7: Factor analysis of faith maturity items

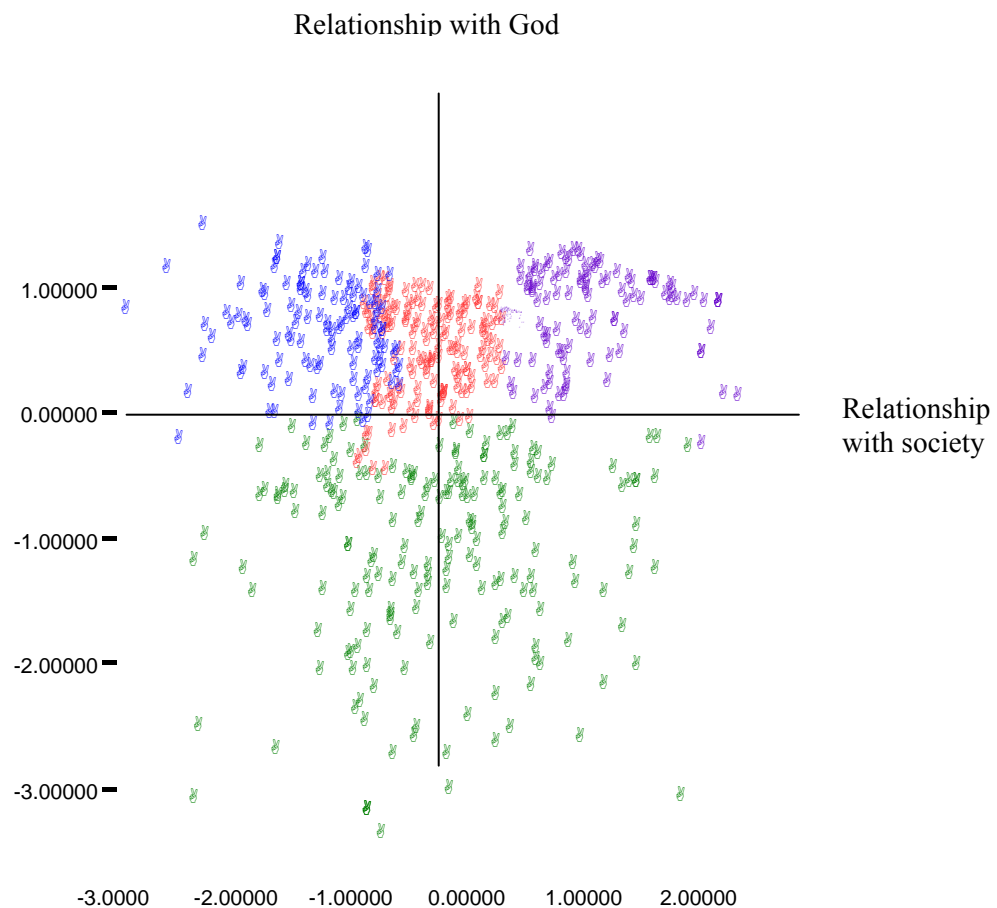
Faith maturity item	Component	
	Vertical	Horizontal
5	.755	
6	.493	
9	.807	
10	.517	
11	.903	
12	.904	
1		.631
2		.687
3		.746
4		.644
7		.587
8		.603
% of Variance explained by each factor	40.96%	13.65%

Tests of sphericity for the rotated model were satisfactory (KMO (0.872) and the χ^2 value of *Bartlett's* test significant ($p < 0.000$)). The analysis produced two factors with Eigen values exceeding 1. The *Cronbach's* alpha index of 0.865 indicates that the level of internal consistency is highly satisfactory. This study labels the factors according to the type of religiosity and the loading (over 0.4 as significant loading). Item 2 is considered a Vertical statement under Benson et al. (1993) as its emphasis is on spirituality. However, in the present study, students view this statement from two perspectives focusing on the word opportunity and spirituality. The former is considered to be Horizontal in nature and outweighs the latter Vertical statement. In a Malaysian context, students are born into and grow up believing and living a spiritual existence. Therefore, in terms of the item 2 statement, the word 'opportunity' is given greater weight or importance as students view this to be the operative word in how to embrace opportunities to improve their spirituality. As such, the factors used in this study differ slightly from Benson et al. (1993) with Item 2 incorporated in Horizontal religiosity.

Based on the two factors of Vertical and Horizontal, a hierarchical cluster analysis is used to classify the factors into groupings since Benson et al. (1993) initially suggested four hypothetical categories of faith maturity. According to Benson et al. (1993), respondents' religiosity or faith maturity could be divided into positive

Vertical and positive Horizontal (Integrated faith), negative Vertical and negative Horizontal (Undeveloped faith), positive Vertical and negative Horizontal (Vertical) and negative Vertical and positive Horizontal (Horizontal). However, after subjecting the regression scores associated with the factor analysis to a hierarchical cluster analysis, a different four-group configuration arose, which is illustrated in Figure 5.2. The suggested groupings do not fall into the pattern hypothesized by Benson et al (1993). Three of the cluster groups gather in the positive half of the Vertical dimension while the fourth lies as a rather diffused mass in the bottom half of the two-dimensional display.

Figure 5.2: Faith maturity clusters produced by hierarchical cluster analysis



Due to the inconsistency of the faith maturity categories produced here compared to that theorized by Benson et al (1993), it is suggested that, for the purposes of this study, only the two clearly identifiable components of faith maturity (namely Vertical and Horizontal religiosity) will be used in the analysis of factors

influencing ethical sensitivity. Both constructs clearly represent aspects of religious commitment that people will tend to apply to differing degrees.

5.5 Pre-ethics course: Factors influencing ethical sensitivity

This study investigates whether religious affiliation, faith maturity, type of institution and academic performance influence students' level of ethical sensitivity (using overall means).

5.5.1 Religious affiliation

Due to the small sample size in some categories (refer Table 5.2), religious affiliation was re-categorized into Islam, Buddhism and 'Other religions' (for example Hinduism, Christianity and other small sample sized religions). Using a one-way ANOVA, it was found that there are no significant differences in group means with respect to religious affiliation. However, there are significant differences between religious affiliation in two constructs, *Marketing and promotion strategies* and *Denial of stakeholders' rights* (refer Table 5.8).

Table 5.8: Ethical sensitivity and religious affiliation

		Sum of Squares	df	Mean Square	F	Sig.
Overall mean	Between Groups	2.487	2	1.244	1.777	.170
	Within Groups	410.032	586	.700		
	Total	412.519	588			
<i>Serious legal and reportable issues^α</i>	Between Groups	2.725	2	1.362	1.354	.259
	Within Groups	586.594	583	1.006		
	Total	589.319	585			
<i>Profit motive scenarios^α</i>	Between Groups	.676	2	.338	.336	.715
	Within Groups	586.543	583	1.006		
	Total	587.219	585			
<i>Marketing and promotion strategies^α</i>	Between Groups	24.433	2	12.217	12.651	.000**
	Within Groups	562.995	583	.966		
	Total	587.428	585			
<i>Denial of stakeholders' rights^α</i>	Between Groups	16.966	2	8.483	8.693	.000**
	Within Groups	568.881	583	.976		
	Total	585.847	585			

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed); ^α Regression scores are used

Using *Bonferroni post hoc test*, it is revealed that Muslim students demonstrate higher levels of ethical sensitivity in scenarios involving *Marketing and promotion strategies* compared to Buddhists ($p=0.000$) while students in the ‘Other religions’ group display significantly greater sensitivity than the Buddhists ($p=0.034$). In contrast, Muslim students are not as ethically sensitive in situations relating to *Denial of stakeholders’ rights* compared to Buddhists and those in ‘Other religions’ ($p=0.001$ and 0.022 respectively).

5.5.2 Faith maturity

To determine the influence of faith maturity on ethical sensitivity, the Vertical and Horizontal Regression scores produced earlier from the factor analysis (reported in Section 5.4 and Table 5.6) are used. Stepwise Regression is conducted using Vertical and Horizontal representations of faith maturity as independent scale variables and mean sensitivity scores as the dependent variables. Past studies do not investigate these variables (using constructs), thus Stepwise Regression is recommended for such exploratory model building (Field 2005). Table 5.9 illustrates that the outcomes provide a mixed picture.

Table 5.9: Results of Multiple Regression analysis on the influence of faith maturity on ethical sensitivity

		β	t	Sig	Model summary
Model 1: Overall mean	Constant	3.079	89.101	.000	F= 8.085
	Horizontal	.098	2.843	.005**	Adj. R^2 =.012
Model 2: Serious legal and reportable issues^a	Constant	-.016	-.394	.694	F= 22.145
	Vertical	-.191	-4.706	.000**	Adj. R^2 =.035
Model 3: Profit motive scenarios^a	Constant	.004	.090	.929	F= 4.823
	Vertical	.092	2.196	.028*	Adj. R^2 = .007
Model 4: Marketing and promotion strategies^a	Constant	-.004	-.086	.931	F= 11.829
	Vertical	-.156	-3.777	.000**	Adj. R^2 =.036
	Horizontal	.126	3.065	.002**	
Model 5: Denial of stakeholders’ rights^a	Constant	-.003	-.063	.950	F= 17.339
	Vertical	.172	4.164	.000**	Adj. R^2 =.028

** Significant at the 0.01 level (2-tailed);* Significant at the 0.05 level (2-tailed);

^a Regression scores are used.

Vertical religiosity is a predictor variable for all four constructs while Horizontal religiosity is found to be a predictor in the overall mean and the *Marketing and promotion strategies* construct. Results indicate that students professing greater levels of spirituality (Vertical) are likely to be more sensitive to issues involving *Serious legal and reportable issues* and *Marketing and promotion strategies*. In contrast, this group of students is significantly less sensitive to issues associated with *Profit motive scenarios* and *Denial of stakeholders' rights*. Students demonstrating a greater concern for society, represented by Horizontal faith maturity, are likely to view the issues in the *Marketing and promotion strategies* construct leniently. Nevertheless, both types of faith maturity contribute very little to explaining the overall variation in the dependent variables as the adjusted R^2 is less than 4% in every case.

5.5.3 Type of institution

The type of institution is categorized into public and private. The results of t-tests in Table 5.10 suggests that there are significant differences in the levels of ethical sensitivity between students in these institutions using the overall means and the construct involving *Serious legal and reportable issues*. There are also significant differences between type of institution in sensitivity scenarios involving *Marketing and promotion strategies* and *Denial of stakeholders' rights*. Students in the public universities were more ethically sensitive in general and particularly in scenarios involving *Serious legal and reportable issues*.

Table 5.10: Ethical sensitivity and type of institution

	Public	Private	t	Sig.
Overall mean	3.00	3.20	-2.824	.005**
<i>Serious legal and reportable issues</i> ^a	-.1637488	.2179020	-4.676	.000**
<i>Profit motive scenarios</i> ^a	-.0126488	.0168319	-.361	.718
<i>Marketing and promotion strategies</i> ^a	-.0773565	.1029389	-2.216	.027*
<i>Denial of stakeholders' rights</i> ^a	.0774172	-.1030197	2.180	.030*

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

^a Regression scores are used

5.5.4 Academic performance

Although Malaysian literature indicates that degree awards are based on a three level structure, the individual university often categorizes students under four levels for internal purposes. Thus to ensure academic performance is well delineated into four levels the grades provided by students are re-categorized into *excellent* (3.5-4.0), *good* (3.0-3.49), *average* (2.5-2.99) and *low* (2.0-2.49). Table 5.11 presents the ANOVA table results which show that there are differences in the level of ethical sensitivity based on students' academic performance.

Table 5.11: ANOVA table on academic performance and ethical sensitivity

		Sum of Squares	df	Mean Square	F	Sig.
Overall means	Between Groups	16.771	3	5.590	8.476	.000**
	Within Groups	355.472	539	.660		
<i>Serious legal and reportable issues^a</i>	Between Groups	7.127	3	2.376	2.455	.062
	Within Groups	518.665	536	.968		
<i>Profit motive scenarios^a</i>	Between Groups	9.542	3	3.181	3.257	.021*
	Within Groups	523.385	536	.976		
<i>Marketing and promotion strategies^a</i>	Between Groups	4.203	3	1.401	1.406	.240
	Within Groups	533.983	536	.996		
<i>Denial of stakeholders' rights^a</i>	Between Groups	17.722	3	5.907	5.852	.001**
	Within Groups	541.099	536	1.010		

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

^a Regression scores are used

The differences are significant using the overall means and constructs involving *Profit motive scenarios* and *Denial of stakeholders' rights*. *Bonferroni post hoc test* results show that students classified in the *excellent* category have significantly higher ethical sensitivity than students who are *average* and *low* (both are $p=.000$). In *Profit motive scenarios*, there is a significant difference between *excellent* and *average* students ($p=.013$) while in the construct of *Denial of stakeholders' rights*, there are significant differences between *excellent* and both *good* and *average* students ($p=.004$ and $p=.000$ respectively). The differences showed by *Bonferroni post hoc test* suggests that students in the *excellent* category were more ethically sensitive to the scenarios in the two constructs.

Other than the abovementioned factors, age is also examined but found not to be significantly correlated to ethical sensitivity in all phases of data collection. Table 5.12 summarises the findings of this section highlighting that personal factors (religious affiliation and faith maturity), and academic factors (type of institution and academic performance), have some influence on the overall level of ethical sensitivity. The findings in the first phase data collection generally show that prior to an ethics course intervention, the level of ethical sensitivity of a sample of Malaysian accounting students is significantly lower than the midpoint (4) of the seven-point scale and that the average score is low (indicating higher levels of ethical sensitivity). This compares favourably with a study on Taiwanese entrepreneurs (Wu 2002) but also highlights that Malaysian students have lower ethical sensitivity than their Western counterparts (Wood et al. 1988; Emerson and Conroy 2004; Emerson, Conroy, and Stanley 2007) (refer Chapter 3, Table 3.1).

Table 5.12: Summary of findings on the influence of personal and academic factors on ethical sensitivity

Factors		Overall means	<i>Serious legal and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Marketing and promotion strategies</i>	<i>Denial of stakeholders' rights</i>
Religious affiliation	Islam	3.05	-	-	.000**	.000**
	Buddhism	3.24				
	Others	2.94				
Faith maturity [^]	Vertical	-	.000**	.028*	.000**	.000**
	Horizontal	.005**	-	-	.002**	-
Type of institution**	Public	3.00	.000**	-	.027*	.030*
	Private	3.20				
Academic performance*	Excellent	2.75	-	.021*	-	.001**
	Good	3.08				
	Average	3.19				
	Low	3.20				

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

Legend: [^] Students are not categorized as Vertical or Horizontal faith, instead these two constructs are represented by the Factor analysis Regression scores.

There also appears to be pre-existing demographic factors influencing ethical sensitivity before the ethics course intervention. For example, it is found that

students' ethical sensitivity is influenced by both personal (religious affiliation and faith maturity) as well as academic factors (type of institution and academic performance). While students' religious affiliation does not influence the overall level of ethical sensitivity, there are significant variations associated with the two faith maturity constructs. Vertical religiosity influences how students perceive all ethical situations, while Horizontal religiosity influences perceptions on *Marketing and Promotion Strategies*. The data reveals that there are significant differences between the type of institution and the average levels of ethical sensitivity in three constructs with the exception being *Profit motive scenarios*. There are also significant differences between academic performances where students categorized as *excellent* demonstrate higher levels of ethical sensitivity.

The next section reports the results of the second phase data collection following the completion of an ethics course intervention and the statistical analysis is organised to address relevant hypotheses. The time between the first and second phase data collection was approximately 10-14 weeks depending on the availability of students. Students answered the same sixteen scenarios to test the effect of an ethics course intervention on their sensitivity.

5.6 Post ethics course: Responses and demographic profile

The second phase questionnaires were distributed by the ethics lecturers (or contact person in the university) but were conducted outside class time. Table 5.13 illustrates the number of respondents in the pre and post ethics course divided into an experiment and control group. The experiment group (institutions with ethics course intervention) consist of public and private institutions while the control group (institutions without ethics course) only consist of public institutions. As shown in Table 5.13, the number of respondents in the second phase decreased approximately 57% from the first phase for several reasons. Some students who had completed the first phase questionnaire had withdrawn from the course. Other students were absent when the second phase questionnaires were distributed and could not be subsequently contacted. In addition, completion of the second questionnaire was not supervised in class and many students chose not to participate. Given the reduction in the sample, two

universities (highlighted in Table 5.13) were excluded from further analysis. The total number of students and the exclusion of universities can be found in Table 5.13.

Table 5.13: Responses in pre and post test of ethics courses

		RESPONSE		Total
		Pre	Post	
Experiment group	Public A	78	55	264
	Public B	106	102	
	Public C	61	0	
	Private D	117	61	
	Private E	69	46	
	Private F	68	17	
Control group	Control G	62	29	57
	Control H	34	28	
Total		595	338	338

To analyse the effects of ethics courses on ethical sensitivity, 338 usable responses were examined. The researcher could not obtain the Public C ethics lecturer co-operation at this phase. Therefore, using students' email addresses, the researcher made several attempts to attain second phase feedback from this particular university. Due to a lack of student response the Public C University was dropped from this phase of the study. Similarly, Private F was excluded as the second phase feedback represented only 25% of the first phase student numbers.

As the study employed convenience sampling and the process of data collection was conducted on a voluntary basis, it was impossible to obtain similar and comparable numbers in the experiment and control group, thus the structures are somewhat different. Table 5.14 highlights that the experiment group has a majority of female, Muslim and Vertical type faith maturity students, with the type of institution and academic performance more evenly distributed. On the other hand, the control group is made up of mostly female, Muslim and public institution students, with very high percentages of Vertical faith and academic performance which is skewed to the *good* and *average* categories.

Table 5.14: Post ethics course respondents' demographic profile

		Experiment (264)	Control (57)
Gender (%)	Male	19.1	14.8
	Female	80.9	85.2
Age (mean)		21.84	22.00
Religious affiliation (%)	Islam	75.3%	100
	Buddha	13.5	0.0
	Other religion	11.2	0.0
Faith maturity type (%)	Vertical	75.2	92.6
	Horizontal	23.7	7.4
Type of institution (%)	Public	59.2	100.0
	Private	40.8	0.0
Academic performance (%)	<i>Excellent</i>	19.9	3.9
	Good	30.9	58.8
	Average	37.8	37.3
	Low	11.4	0

The following sections report the effect of an ethics course intervention on the ethical sensitivity of students in the two types of institution. To address the effects of personal and academic factors on ethical sensitivity and judgement making ability, only students in the treatment group are analysed, as students in the control group were not exposed to an ethics course.

5.7 Effects of ethics course intervention on ethical sensitivity

Based on a seven-point scale and using paired t-test analysis of sample means, Table 5.15 indicates that there was a significant decrease in the overall mean (3.06 to 2.79) for students who completed an ethics course, indicating highly significant improved levels of ethical sensitivity. In contrast, students who did not participate in any dedicated ethics course displayed decreasing levels of ethical sensitivity (an increase in the mean). Thus, the following hypothesis is satisfied:

H₁: An ethics course will improve Malaysian accounting students' ethical sensitivity.

Table 5.15: Overall means of pre and post ethics course

	Mean ^b	N	Std. Dev.	Mean diff.	Std. Dev.	t	Sig. (2 tailed)
<i>Experiment:</i>							
Pre-ethics course	3.06	264	.879	.27	.867	5.093	.000**
Post ethics course	2.79	264	.885				
<i>Control:</i>							
Pre-ethics course ^a	2.86	57	.817	-0.143	.887	-1.216	.229
Post ethics course ^a	3.00	57	.750				

** Significant at the 0.01 level (2-tailed).

Legend: ^a The pre and post ethics course refers to the completion of the pre and post questionnaire at similar times to students undertaking an ethics course and not to the actual completion of an ethics course; ^b The means are based on a 7 point scale

A comparison of the 16 ethical sensitivity scenarios between students undertaking an ethics courses and those who did not is illustrated in Appendix 5.1. Brief descriptions of each scenario are adopted from Emerson, Conroy and Stanley (2007). The results in Appendix 5.1 reveal that an ethics course appears effective in improving the level of ethical sensitivity as the means decreased in all scenarios and significantly in eight. Students ethical sensitivity improved the most on scenarios E (bribing a foreign official), N (unscrupulous marketing strategy) and I (insider trading) respectively. Scenarios J (cronyism), A (pad expense account), F (stealing information), G (bidding scams) and L (hide financial truth) were also found to be significantly improved.

In contrast, students who did not undertake an ethics course displayed reduced levels of sensitivity in nine scenarios with a significant decrease in scenarios B (exceeding legal pollution limits), C (recommend poor investment), and P (using illegal software). Seven scenarios reveal an improvement in their ethical sensitivity (decreased means) with A (pad expense account) showing the only significant improvement. These results provide further evidence on accepting the first hypothesis.

Based on the responses of students who attended an ethics course (n = 264), a data reduction analysis was run on the sixteen sensitivity scenarios in the second phase. This was to determine whether factor constructs defined in the pre-ethics course phase re-emerged. Principal Component Analysis was used along with a *Varimax* rotation (*Kaiser Normalization* is used to rotate the 10 iterations

convergence). The analysis produced three constructs explaining over 48% of the variance (KMO, 0.862 and the χ^2 value of *Bartlett's* test significant ($p < 0.000$). The *Cronbach's alpha* results at 0.853 indicating that there is a high level of internal consistency. Table 5.16 reports the factor loadings for the three identifiable constructs (Field 2005).

Table 5.16: Factor analysis of ethical sensitivity scenarios

Scenario		Factor construct		
		<i>Serious legal and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Perceived inoffensive scenarios</i>
B	Exceed legal pollution limits	.743		
C	Recommend poor investment	.731		
D	Tax evasion	.524		
J	Cronyism	.440		
K	Flaw cover-up	.686		
O	Harmful campaign	.608		
E	Bribing a foreign official		.771	
F	Stealing information		.527	
G	Bidding scam		.705	
H	Gifts giving		.582	
I	Insider trading		.593	
L	Hide financial truth			.653
M	Gender inequality			.643
N	Unscrupulous marketing strategy			.459
P	Using illegal software			.520
% of variance explained		18.6%	16.1%	13.8%

Scenario A is again dropped as the loadings are below the 0.4 cut-off point. The constructs are again labelled according to the nature of the scenarios and reflect two of the constructs identified in the first phase, *Serious legal and reportable issues* and *Profit motive scenarios* with the third construct labelled '*Perceived inoffensive scenarios*'. The analysis produced very similar results to the first phase analysis (refer Section 5.3, Table 5.5) as the same constructs dominate the model in the second phase analysis. This may be due to the unchanged perceptions on the nature and consequences of each scenario. The scenarios identified were

predominantly the same as the first phase results (B, C, D and K) with an additional scenario of cronyism (J) loading into this construct. The construct also comprised scenarios that scored the lowest means indicating high levels of ethical sensitivity (refer Appendix 5.1). The *Profit motive scenarios* construct comprises the same five scenarios as the first phase analysis which involve bribing a foreign official (E), stealing of information (F), bidding scams (G), gift giving (H) and insider trading (I). Although these scenarios are clearly profit oriented, they are somewhat ambiguous and students may see them as less serious resulting in the highest mean scores for all five scenarios suggesting a high degree of acceptability. The *Perceived inoffensive scenarios* consists of four scenarios associated with hiding financial truth (L), gender inequality (M), unscrupulous marketing strategy (N), and using illegal software (P). These scenarios may appear to be inoffensive and as such they arguably do not harm any party.

Based on the three designated constructs, a comparison of pre and post means are reported in Table 5.17 between students who undertook an ethics courses and students who did not. Group average scores were used to determine the means of each construct.

Table 5.17: Pre and post ethics course between sensitivity constructs

	With ethics course			Without ethics course		
	<i>Serious and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Perceived inoffensive scenario</i>	<i>Serious and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Perceived inoffensive scenario</i>
Pre	2.46	3.63	3.16	2.00	3.76	2.90
Post	2.33	3.23	2.89	2.37	3.72	3.18
Mean diff.	.13	.40	.27	-.37	.04	-.28
Std. dev	1.05	1.23	1.26	.94	1.32	1.57
t	2.002	5.374	3.598	-2.946	.221	-1.329
Sig.	.046*	.000**	.000*	.005**	.826	.189

** Significant at the 0.01 level (2-tailed).; * Significant at the 0.05 level (2-tailed).

It appears that before and after attending an ethics course, students display greater concern over issues relating to *Serious legal and reportable issues*; these are scenarios which have been ongoing issues in Malaysia and subsequently emphasised in the ethics course. It is also found that after attending an ethics

course, students' sensitivity are greater on *Perceived inoffensive scenarios* than the *Profit motive scenarios*. While the latter construct appears to be of lesser concern to students it should also be noted that it shows the most significant improvement with a decrease in the mean from 3.62 to 3.23. As business-related ethics issues are everyday news in Malaysia indicated in the declining of Corruption Perception Index (The Star Online 2009), this may be emphasised and rigorously discussed in the ethics course. Overall, students attending an ethics course appeared to significantly improve in all ethical constructs. Thus, it is evident that an ethics course does improve students' level of ethical sensitivity.

Students who did not undertake an ethics course initially displayed the same trend in the pre test as students undertaking an ethics course by demonstrating high levels of ethical sensitivity with respect to *Serious and reportable issues*, followed by *Perceived inoffensive scenarios*, and *Profit motive scenarios* at the pre-phase testing. However, their levels of ethical sensitivity involving *Serious and reportable issues* and *Perceived inoffensive scenarios* decline at the post phase, with a significant decline in the former construct. There was only a slight improvement (not significant) in their level of sensitivity relating to *Profit motive scenarios*. These comparisons further support the acceptance of hypothesis (**H₁**) where ethical sensitivity improves significantly across all three underlying constructs for students completing an ethics course.

As improvements in the level of ethical sensitivity among students taking an ethics course have been examined, the following sections report whether these improvements can be explained by various demographic factors. The analyses uses the second phase overall means of the sixteen items as well as Regression factor scores for each of the sensitivity constructs identified in Table 5.14 as measures for ethical sensitivity to determine whether improvements are explained by differences in religious affiliation, faith maturity, type of institution (public versus private) and academic performance.

5.7.1 Effects of religious affiliation on improvements in ethical sensitivity

Using the overall means of the original 16 vignettes to measure ethical sensitivity, it is apparent in Table 5.18 that there are differences in students' improvement in the level of ethical sensitivity upon completion of an ethics course. Muslim students show highly significant improvement while Buddhists and Other religions show no significant improvement.

Table 5.18: Paired sample t-test comparing pre and post of sensitivity between religious affiliations providing ethics courses

Religious affiliation	Pre	Post	Mean diff	Std. Dev.	t	Sig.
Islam	3.02	2.70	.32	.86	5.085	.000**
Buddhism	3.39	3.15	.24	.91	1.537	.134
Other religions	2.99	2.94	.05	.83	.350	.729

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

ANOVA results illustrated in Table 5.19 reveal consistent outcomes, with a significant difference in students' ethical sensitivity (upon completing ethics course) between religious affiliations. There is also a difference noted in respect of one sensitivity construct: *Serious legal and reportable issues*.

Table 5.19: ANOVA table between religious affiliations and ethical sensitivity constructs

Factor		Sum of Squares	df	Mean Square	F	Sig.
Mean difference	Between Groups	6.692	2	3.346	4.364	.014*
	Within Groups	197.845	258	.767		
	Total	204.538	260			
<i>Serious legal and reportable issues^a</i>	Between Groups	12.856	2	6.428	6.649	.002**
	Within Groups	249.450	258	.967		
	Total	262.306	260			
<i>Profit motive scenarios^a</i>	Between Groups	2.661	2	1.330	1.331	.266
	Within Groups	257.766	258	.999		
	Total	260.426	260			
<i>Perceived inoffensive scenario^a</i>	Between Groups	.063	2	.032	.031	.969
	Within Groups	261.406	258	1.013		
	Total	261.470	260			

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

^a Regression scores are used

To further examine the differences in this construct, a *Bonferroni post hoc test* was run revealing that students embracing Islam were more ethically sensitive than students in Buddhism ($p=0.009$) and Other religions group ($p=0.043$) when dealing with *Serious legal and reportable issues*. There were no significant differences between religious affiliations in the remaining two constructs. The results indicate that exposure to an ethics course influences students embracing Islam to become more ethically aware, particularly in relation to *Serious legal and reportable issues*. In light of the above findings, it is found that in respect of those who completed an ethics course, improvements in ethical sensitivity are explained by differences in religious affiliations. Thus the following hypothesis is accepted.

H_{1.1}: Improvements in ethical sensitivity are explained by different religious affiliations.

5.7.2 Effects of faith maturity on improvements in ethical sensitivity

Faith maturity, as a concept embracing all religious faiths, is presented by Vertical and Horizontal constructs produced by the construct analysis in Section 5.4. Following the completion of an ethics course, Table 5.20 highlights that the Vertical (God directed) type of faith maturity provides a positive influence with respect to improvements (mean difference in pre and post ethics course) in ethical sensitivity. At the construct level, Vertical faith is seen to have a significantly positive influence on the construct relating to *Serious legal and reportable issues*.

Regression analysis conducted on the mean difference for pre and post ethics course, found that the constructs relating to '*Profit motive scenarios*' and '*Perceived inoffensive scenarios*' had no effect on ethical sensitivity. Therefore, it can be concluded that the more a student adheres to spiritual (Vertical) principles associated with his or her faith, the greater benefits an ethics course will provide in terms of one's sensitivity to moral issues in business related to *Serious legal and reportable issues*. The following hypothesis can therefore be partially accepted in relation to students completing the ethics course as Horizontal religiosity cannot explain the improvement in ethical sensitivity.

H_{1.2}: Improvements in ethical sensitivity are explained by different types of faith maturity.

Table 5.20: Regression table on faith maturity and ethical sensitivity constructs

Model 1: Mean difference				
	β	t	Sig	Model summary
Constant	2.841	60.180	.000	F= 7.005
Vertical	-.130	-2.647	.009**	Adj. R ² =.018
Model 2: <i>Serious legal and reportable issues</i> ^a				
	β	t	Sig	Model summary
Constant	-.007	-.111	.911	F= 13.663
Vertical	-.218	-3.696	.000**	Adj. R ² =.046

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

^a Regression scores are used

5.7.3 Effects of type of institution on improvements in ethical sensitivity

To determine whether there is a difference in the improvement of sensitivity between public and private universities upon completing an ethics course, paired t-tests were again conducted. Table 5.21 highlights that among students who attended an ethics course, students from public universities display highly significant improvements in sensitivity, while students in private institutions display no significant change

Table 5.21: Paired sample test comparing pre and post of sensitivity between type of institution providing ethics courses

	N	Mean ^b		Mean diff	Std. Dev.	t	Sig.
		Pre	Post				
<i>Type of institution</i>							
Public	157	2.83	2.46	.377	.89	5.302	.000**
Private	107	3.39	3.28	.11	.81	1.496	.138

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

With this result, the following hypothesis is supported that:

H_{1.3}: Improvements in ethical sensitivity are explained by different types of institution.

The difference between the performance of public and private universities in providing ethics courses to accounting students is also analyzed by examining the sixteen ethical scenarios (refer Appendix 5.2). Students from the public universities display significantly improved levels of ethical sensitivity in eleven scenarios (and highly significant at $p < 0.01$ in seven scenarios) while students in private universities only improved in two scenarios, with five scenarios, B, C, D, H and K (exceeding legal pollution limits; recommend poor investment; tax evasion; gift giving; and flaw cover up, respectively) showing a noticeable deterioration in the levels of ethical sensitivity. This also explains the highly significant differences in the overall mean between public and private students as illustrated in Table 5.22.

Table 5.22: T-test between ethical sensitivity constructs and type of institution

Factor	Type of institution	N	Mean	Std. Deviation	t	Sig.
Mean difference	Public	157	.38	.89	2.75	.006**
	Private	107	.09	.83		
<i>Serious and reportable issues^a</i>	Public	157	-.40	.96	-8.79	.000**
	Private	107	.59	1.01		
<i>Profit motive scenarios^a</i>	Public	157	-.17	1.05	-3.42	.001**
	Private	107	.25	.93		
<i>Perceived inoffensive scenarios^a</i>	Public	157	-.067	1.05	-1.36	.174
	Private	107	.09	.92		

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

^a Regression scores are used in the means

There also appear to be significant differences between these type of institution in two constructs, *Serious legal and reportable issues* and *Profit motive scenarios* where public university students demonstrate higher levels of sensitivity compared to their private university counterparts. Results in the post ethics course appear to be consistent with the results in the pre-phase that there

continues to be significant differences in the level of ethical sensitivity between public and private university students.

5.7.4 Effects of academic performance on improvements in ethical sensitivity

This section considers the hypothesis ($H_{1.4}$) that improvements of ethical sensitivity can be explained in terms of academic performance. Among students who completed an ethics course, those with *excellent* academic performance showed non-significant improvements in their sensitivity levels (Table 5.23). This group had the lowest mean (indicating highest level of ethical sensitivity) in the pre-ethics phase and continues to display the lowest mean after completing the ethics course. Students with *good* and *average* achievement (as defined in Section 5.5.4) significantly benefited from undertaking an ethics course, while academically inferior students improved slightly but demonstrate the lowest level of sensitivity at the post ethics phase. Thus, the differences in their improvements can be explained by categories of academic performance and satisfy the following hypothesis:

H_{1.4}: Improvements in ethical sensitivity are explained by different levels of academic performance.

Table 5.23: Paired sample t-test comparing pre and post ethics course of sensitivity for academic performance

	N	Mean ^b		Mean diff	Std. Dev.	t	Sig.
		Pre	Post				
<i>Academic performance:</i>							
<i>Excellent</i>	49	2.64	2.43	0.21	.77	1.896	.064
<i>Good</i>	76	3.11	2.79	0.32	.09	3.594	.001**
<i>Average</i>	95	3.21	2.88	0.33	.95	3.349	.001**
<i>Low</i>	28	3.13	2.94	0.18	.99	.979	.336

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

In summary, it appears that upon completing an ethics course, students have improved levels of ethical sensitivity compared to students who did not undertake an ethics course, indicating that an ethics course does have a positive impact on

ethical sensitivity. The ethical sensitivity of students in the treatment group improved more than the control group students in most individual scenarios. In the three ethical sensitivity constructs identified at the post-ethics course phase, students improved in all scenarios with highly significant results in the *Profit motive scenarios*. In contrast, students who did not undertake an ethics course demonstrated no change in the three sensitivity constructs.

Results also show that religious affiliation, type of institution and academic performance affect ethical sensitivity in different ways while faith maturity partially influences students' sensitivity. Firstly, Muslim students are more ethically sensitive, particularly in scenarios involving *Serious and reportable issue*' than Buddhists or Other religious affiliated students. Muslim students also improved highly significant in their level of ethical sensitivity in the post phase compared to students associated with other faiths. The Vertical type of faith maturity is found to be a predictor in determining the initial level of ethical sensitivity as well as changes in ethical sensitivity following completion of the ethics course intervention. In addition, students enrolled in public universities demonstrated significantly greater improvements in ethical sensitivity compared to students from private universities after attending an ethics course. It also appears that academic performance has some bearing on ethical sensitivity. Students in the *excellent* category of academic performance have the highest levels of ethical sensitivity in the pre and post test phases suggesting a positive correlation between academic performance and levels of ethical sensitivity. However, those who improved most significantly after receiving ethics training are students from the *good* and *average* categories. This result appears to be consistent with regards to religious affiliation in that Muslim students improved significantly as compared to their counterparts. This is because many of the Muslim students are in the *good* and *average* category (refer Appendix 5.4).

The results in the second part of this chapter have shown that an ethics course intervention makes a significant impact on students' ethical sensitivity and that the extent of the improvement is somewhat contingent upon a number of personal and demographic factors. The following sections report the results of the third phase data collection following the completion of practical training. The time

lapse from the second phase was approximately 20 to 24 weeks, depending on the availability of students and the timing of the completion of the training. Students answered the same sixteen scenarios to test whether practical training, following the ethics course intervention, will result in any changes in their sensitivity.

5.8 Post practical training

5.8.1 Demographic profile

A total of 181 students responded to the Phase 3 survey. In analyzing the effect of practical training on ethical sensitivity, students were not required to have completed an ethics course but were required to have completed the training and responded to both the Phase 2 (post ethics course) and Phase 3 surveys. Thus of the 181 students, 130 satisfied the criteria and made up the experiment group, with 19 students in the control group. The demographic profile is reported in Table 5.24. The table shows a cross tabulation between students attending and not attending ethics courses and students who underwent practical training within both groups. Of the 149 students, 130 attended practical training, thus this group of students is labeled as the experiment group in testing the next hypothesis (H_5). The remaining 19 students who neither attended an ethics course nor undertook practical training are labeled as the Control group. Among those who attended an ethics course and practical training, students who undertook only one task (e.g., audit, tax or book keeping work) are categorized as ‘focused’. Students who completed a variety of tasks during practical training are categorized as ‘non-focused’.

Table 5.24: Profile of third phase student

	Practical training	No Practical training
Ethics course	125	1
No ethics course	5	18
Total	130	19

5.8.2 Effect of practical training on ethical sensitivity

The same seven-point scale of Not acceptable (1) to Always acceptable (7) used in the first and second phase analysis was also used for the third phase analysis. Paired t-test results showed that students who undertook practical training (that is, the experiment group) displayed a declining level of sensitivity. In contrast, students who did not experience either intervention (the Control group) showed significant improvement in their level of ethical sensitivity when tested at the same time as the experiment group (refer Table 5.25).

Table 5.25: Paired t-test between experiment and control group in pre and post practical training

Experiment group (n=130)						
	Mean	Std. Dev.	Mean diff.	Std. Dev.	t	Sig.
Pre practical training	2.65	.89	-.11414	.85	-1.514	.132
Post practical training	2.77	.91				
Control group (n=19)^						
Second phase	3.07	.76	.58197	.91	2.774	.013*
Third phase	2.49	.61				

* Significant at the 0.05 level (2-tailed).

^ With small sample size, non-parametric test was run using Wilcoxon t-test and produced significant results (p=.045)

Appendix 5.3 reports the impact of practical training interventions based on individual sensitivity scenarios. Using the paired t-test, it is found that levels of ethical sensitivity have decreased upon completion of practical training in 12 out of 16 scenarios, where sensitivity towards stealing of information (Scenario F) significantly declined. Students have improved levels of ethical sensitivity in just four scenarios, padding expense account (A), bidding scams (G), unscrupulous marketing strategy (N) and harmful campaign (O), but the improvements overall are not significant. In contrast, students in the control group have increased level of sensitivity in 10 scenarios where four of them are significant (refer Appendix 5.5).

When examining the results of the sixteen scenarios broken down into the three constructs, Table 5.26 illustrates that students attending practical training demonstrated lower levels of sensitivity in all three constructs, however none of

the reductions are statistically significant. On the other hand, students who did not undergo any intervention experienced a significant improvement in their level of sensitivity in two constructs, *Serious legal and reportable issues* and *Profit motive scenarios*.

Table 5.26: Pre and post practical training between sensitivity constructs

	Experiment			Control		
	<i>Serious and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Perceived inoffensive scenario</i>	<i>Serious and reportable issues</i>	<i>Profit motive scenarios</i>	<i>Perceived inoffensive scenario</i>
Pre-training	2.09	3.13	2.84	2.48	3.80	3.06
Post training	2.22	3.31	2.93	1.68	2.97	3.03
Mean diff.	-.13	-.18	-.09	.8	.83	.03
Std. dev.	1.09	1.27	1.21	.88	1.36	1.86
t	-1.406	-1.595	-.857	4.067	2.736	.060
Sig.	.162	.113	.393	.001**	.013*	.953

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

The evidence provided above suggests that accounting students completing an ethics course do not benefit further (in terms of their sensitivity towards ethical issues) by completing a period of practical training. The test of average sensitivity scores immediately before and after practical training does not show positive significant changes. Hence the following hypothesis (**H₃**) cannot be supported:

H₃: Practical training will improve Malaysian accounting students' ethical sensitivity.

Students undergoing practical training experienced different exposure to various tasks. According to Trevino, work characteristics also influence ethical decision making. Some work requires role taking which "takes account of the perspective of others" (Trevino 1986: 611) or involves frequent moral conflict. Thus, Trevino (1986) suggests that when the work requires an individual to engage in complex role taking and they see a situation from different angles, the person is likely to be more sensitive and make substantial progress in their moral development. Thus in

the following section, this study examines whether there is any difference in the changes of sensitivity based on task structure during practical training.

Among the 130 students who attended practical training, 68 students experienced a ‘focused’ task program during practical training while 62 were ‘non-focused’ which involved two or more different forms of activity. Students were not required to report the percentage breakdown of their job tasks. Paired t-test was conducted in relation to sensitivity scores collected at the end of Phases 2 and 3. The test results are provided in Table 5.27 for both focused and non-focused groups of students which show that average levels of sensitivity declined somewhat, although the changes are not statistically significant. The decline in sensitivity is significant in scenarios involving *Serious legal and reportable issues* among students in a focused task while students in non-focused work showed a slight improvement in this construct. Students in focused and non-focused tasks groups declined in the other two constructs, *Profit motive scenarios* and *Perceived inoffensive scenarios*.

Table 5.27: Effects of practical training on sensitivity means and ethical constructs between task groups

		Overall Mean	<i>Serious reportable issues</i>	<i>Profit motive</i>	<i>Perceived inoffensive</i>
Focused	Pre training	2.5477	1.96	2.97	2.82
	Post training	2.7254	2.26	3.21	2.86
	<i>Sig.</i>	.103	.046*	.135	.811
Non-focused	Pre training	2.7700	2.22	3.31	2.85
	Post training	2.8165	.2.19	3.42	3.00
	<i>Sig.</i>	.661	.776	.475	.308

* Significant at the 0.05 level (2-tailed).

The results are not conclusive and demonstrate few significant changes in sensitivity within the two groups. Trevino’s assertions (1986) relating to ethical development can therefore not be supported in this instance.

5.9 Effect of a moral education program on ethical sensitivity

In the previous sections of this chapter, it was found that an ethics course contributes positively and significantly to the ethical sensitivity of students (H_1), however, practical training has resulted in no significant changes (H_3). Only students who took an ethics course are included in the experiment group to test H_1 and all students who undertook practical training (regardless of whether they attended ethics course or not) are included in the experiment group in testing H_3 . In other words, H_1 and H_3 tested both interventions independently. Therefore, in isolation, an ethics course and/or practical training do not necessarily explain the progression of students' ethical sensitivity from Phase 1 to Phase 3. For that reason, it is important to investigate whether students that have undertaken both an ethics course and practical training improve in their ethical sensitivity. This section analyzes whether a MEP, consisting of the combined effects of an ethics course and practical training, explains the overall improvement in ethical sensitivity.

General Linear Model Repeated Measures was used to test the changes of conditions within the same group of respondents (Field 2005). This method has the advantage over the paired t-test in that it reduces the unsystematic variability in the design and thus provides greater power to detect effects (Field 2005). This is because each subject is used as his or her own control and so individual differences can be *partialled* out of the error term, overcoming validity issues of small sample sizes. A total of 181 students responded to the third phase (post practical training) questionnaire but only 142 students participated in all three phases, with 123 students in the experiment and 19 in the control group. Thus the responses of the 123 students included in the Experiment group who participated in all three phases of data collection for the MEP were analysed using the Repeated Measures GLM design (Field 2005) showed in Table 5.28.

Using the means of sensitivity of the three phases (first phase – pre ethics course, second phase – post ethics course and third phase – post practical training), the required *Mauchly's Test of Sphericity* (Sig = 0.171) is reported in Panel 1 of Table 5.28. The latter tests the assumption that the relationship between pairs included

in the experimental condition are similar, with the results highlighting that this assumption is not violated (Field 2005).

Table 5.28: Repeated measures results (Experiment group)

Panel 1: Mauchly's Test of Sphericity					
Within Subject Effect	Mean	Mauchly's W	Approx. Chi-Square	df	Sig.
Moral education Program (MEP)		.971	3.537	2	.171
Phase 1 ²³	3.02				
Phase 2	2.65				
Phase 3	2.75				
Panel 2: Test of within-Subjects Effects					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Sphericity Assumed	8.921	2	4.460	10.494	.000**
Greenhouse-Geisser	8.921	1.944	4.589	10.494	.000**
Huynh-Feldt	8.921	1.975	4.517	10.494	.000**
Lower-bound	8.921	1.000	8.921	10.494	.002**
Panel 3: Test of within-Subjects Contrasts					
MEP	Type III Sum of Squares	df	Mean Square	F	Sig.
Phase 1 vs. Phase 2	16.811	1	16.811	20.700	.000**
Phase 2 vs. Phase 3	1.371	1	1.371	1.831	.178
Phase 1 vs. Phase 3	8.581	1	8.581	8.671	.004**

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

The second panel of test of within-subject effects identifies the effect of the 'MEP', which illustrates the degree to which total variability (in sensitivity), is explained by the experimental effect (exposure of students to the program). The results show that the experimental effect is significant as identified by the ratio of the systematic variance (experimental effect) to the unsystematic variance, suggesting that the program provides a significant contribution to the explanation of the improvement in sensitivity levels over time. Four methods for calculating the within-subjects effects are included in Table 5.28 and all produce significant values of F.

The third panel of 'test of within-subject contrasts' further illustrates the effect of each component of the MEP. The results show that an ethics course intervention

²³ Refer to footnote 6 in Chapter 1.

(Phase 1 vs. Phase 2) has a highly significant and positive impact on students' ethical sensitivity while the practical training intervention has no significant impact (Phase 2 vs. Phase 3) which is consistent with the findings of Sections 5.7 and 5.8.2. However, the MEP as a whole (including both ethics course and practical training) contributes to and explains the significant improvement in students' ethical sensitivity (Phase 1 vs. Phase 3). In other words, students who attended both an ethics course and practical training experienced a significant improvement in their level of ethical sensitivity.

The results for the Control group consisting of students not completing either intervention (total to 19) are also presented in three panels in Table 5.29. The first panel reports the means of sensitivity for the three phases and illustrates the *Mauchly's Test of Sphericity* (Sig = 0.373) which indicates the analysis has met the assumption that the relationship between pairs of experimental condition is similar (Field 2005).

Table 5.29: Repeated measures results (Control group)

Panel 1: Mauchly's Test of Sphericity					
Within Subject Effect	Mean	Mauchly's W	Approx. Chi-Square	df	Sig.
Absence of MEP		.884	1.972	2	.373
First phase (Phase 1)	2.32				
Second phase (Phase 2)	3.01				
Third phase (Phase 3)	2.53				
Panel 2: Test of within-Subjects Effects					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Sphericity Assumed	4.517	2	2.258	7.029	.003**
Greenhouse-Geisser	4.517	1.792	2.520	7.029	.004**
Huynh-Feldt	4.517	1.990	2.270	7.029	.003**
Lower-bound	4.517	1.000	4.517	7.029	.017*
Panel 3: Test of within-Subjects Contrasts					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Phase 1 vs. Phase 2	8.584	1	8.584	19.716	.000**
Phase 2 vs. Phase 3	4.186	1	4.186	6.106	.024*
Phase 1 vs. Phase 3	.979	1	.979	1.273	.274

** Significant at the 0.01 level (2-tailed); * Significant at the 0.05 level (2-tailed).

The second panel of 'test of within-subject effects' identifies the effect of the absence of an MEP, illustrating that the total variability (in sensitivity) can be explained by the absence of the MEP. In this instance, the absence of the MEP gives significantly different effects of changes in ethical sensitivity in the three phases and explains why sensitivity levels have declined for this group.

The third panel reporting the 'test of within-subject contrasts' in Table 5.29 further illustrates the effect of each non-intervention with the results showing that the absence of an ethic course during the period (Phase 1 vs. Phase 2) has resulted in a highly significant negative impact on students' ethical sensitivity while the absence of practical training produced a significant positive adjustment in sensitivity (Phase 2 vs. Phase 3). However, the program as a whole, that is, not attending an ethics course and practical training, does not explain any significant improvement in students' ethical sensitivity (Phase 1 vs. Phase 3). Thus, students belonging to this control group displayed changing patterns of sensitivity that are not contingent upon their having completed either form of intervention. Other factors are obviously affecting the situation over the period (twelve months) of the test.

It is found that students in the experiment group who undertake the MEP (which include ethics course and practical training) have significantly improved in their level of ethical sensitivity (means decreased from 3.02 to 2.75). In contrast, control group students who neither attended an ethics course nor practical training show a declining level of sensitivity (means increased from 2.32 to 2.53). Therefore hypothesis (**H₅**) is accepted. That is,

H₅: A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical sensitivity.

5.10 Summary

This chapter reports the results of students' levels of ethical sensitivity from data collected in three phases, before an ethics course, after an ethics course, and after practical training. Before any ethics intervention, students' ethical sensitivity

towards sixteen unethical situations is significantly below the average of 4 (mean of 3.29, from scale 1 to 7). Using factor analysis, these scenarios produced four constructs; *Serious legal and reportable issues*, *Profit motive scenarios*, *Marketing and promotion strategies* and *Denial of stakeholders' right*'. Factor analysis was also conducted on the twelve statements of faith maturity identifying seven statements describing Vertical religious orientation and five statements representing Horizontal faith. The analysis on the first phase data also revealed that religious affiliation, faith maturity, type of institution and academic performance had varying degrees of influence on ethical sensitivity.

Results from the second phase revealed that students who attended an ethics course demonstrated significantly higher levels of ethical sensitivity than those who did not attend a course. The results also showed that religious affiliation, faith maturity, type of institution and academic performance had some effect on the development of ethical sensitivity. Different religious affiliations appear to have different effects on levels of sensitivity upon completion of an ethics course. Students professing greater levels of spirituality (Vertical) are likely to be more sensitive to issues involving *Serious legal and reportable issues* and *Marketing and promotion strategies*. Students attending public universities demonstrated highly significant improvements compared to their private university counterparts. Academic performance appears to be positively related with ethical sensitivity strongly indicating that good grades can ensure higher ethical attitudes. Overall, analysis in the pre and post test of an ethics course shows that the course is effective but that the effectiveness is also influenced by other factors. Factor analysis was also run on the second phase data producing very similar results to the first phase. Three constructs were identified, *Serious legal and reportable issues*, *Profit motive scenarios* and *Perceived inoffensive scenarios*.

Results from the third phase reveal that upon completion of practical training, students showed no further improvement in their ethical sensitivity with students in the focused task group showing a significant decline in their sensitivity particularly towards *Serious legal and reportable issues*. In contrast, students who did not attend training showed significant improvement. This result raises the issue of whether attending practical training diminishes the effort of instilling

and reinforcing ethical values through an ethics course. However, the results do suggest that the MEP consisting of both interventions significantly improve students' ethical sensitivity. In contrast, the level of ethical sensitivity among students in the control group (who had no ethics class and no practical training) declined overall in the absence of both interventions.

This Chapter reported the results on student's ethical sensitivity. Chapter 6 reports the development of ethical judgement making ability before and after completing an ethics course and undergoing practical training.

Chapter 6: The Effects of Educational Interventions on Ethical Judgement Making Ability

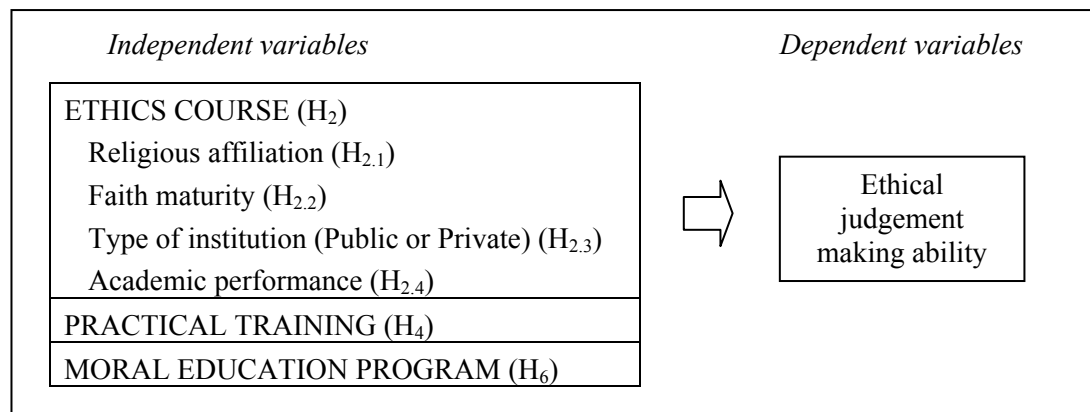
“Strive always to excel in virtue and truth.”

~ Prophet Muhammad (570-632)

6.0 Introduction

Chapter 5 analysed the effects of a moral education program (MEP) and the individual effects of an ethics course and practical training on students’ ethical sensitivity. This chapter analyses the effects of the same interventions on ethical judgement making ability, the second of Rest’s (1986) four components of moral behaviour. Figure 6.1 identifies the aspects of the conceptual design that will be examined in this chapter.

Figure 6.1: Conceptual design connecting variables



Section 6.1 and 6.2 of this chapter illustrates the level of ethical judgement making ability of students before any intervention takes place and explores the demographic factors that may influence students’ level of ethical judgement making ability. The findings from the second phase data collection after completion of an ethics course intervention and its effect on ethical judgement making ability (**H₂**) are presented in Section 6.3. The analysis also examines the personal and academic factors influencing ethical development using descriptive and univariate analysis to address the sub-hypotheses (**H_{2.1}**, **H_{2.2}**, **H_{2.3}** and **H_{2.4}**). Section 6.4 presents the findings on the effect of practical training on ethical

judgement making ability (**H₄**) and Section 6.5 analyses findings on whether participation in a moral education program (MEP) that includes both an ethics course and practical training can improve students' judgement making ability (**H₆**).

6.1 Pre-ethics course: Examining ethical judgement making ability

In examining respondents' ethical judgement making ability, the short version of DIT is employed (see Appendix 1.2). As explained in Section 4.2.1.2 of Chapter 4, the chief purpose of the instrument is to calculate which stages of cognitive moral development are applied when students make a judgment on each of three moral dilemmas. The DIT questionnaire also allows students to make initial judgements regarding the action they would take with respect to each dilemma if they were in the position of the characters involved. This information in itself is not central to the process of determining judgement making ability, however details of the results and how they alter as each of the two interventions occur, are provided in Appendix 6.1.

After conducting the reliability and consistency checks recommended by Rest (1990) for the three-story DIT, 420 respondents (of the 595 usable questionnaires, see Table 4.6) passed all protocols. Table 6.1 presents the average scores within the DIT stages. It appears that before any ethical interventions took place, Malaysian accounting students included in the sample demonstrated Conventional forms of cognitive moral development, predominantly at Stage 4.

Table 6.1: Scores for DIT stages

	Stage 2 Pre Conventional	Stage 3 Conventional	Stage 4 Conventional	P score Post Conventional	N2 Index
Mean	6.15	19.33	34.35	28.79	28.32
Std. Error of Mean	.36	.64	.671	.67	.78
Std. Deviation	7.40	13.11	13.68	13.72	15.85

The p-scores are somewhat low when compared to other studies using the short version of DIT (Shaub 1994; Eynon, Hill, and Stevens 1997) as well as those summarised by Rest (1990)²⁴. The mean age of this group of students is 21.8 years and the majority is Muslim. In this respect, the p-scores are consistent with the outcomes found in studies by Al-Ansari (2002) and Al-Shehab (2002) that focused on Muslim students' ethical reasoning, where the average p-scores of 25.96 and 28.74 respectively were recorded.

The A and M scores which are unrelated to ethical judgement making ability are small averaging 6.38 out of a maximum of 90 highlighting that the majority of students understood the ethical dilemmas. The N2 Index which prioritizes the higher stages (refer Section 4.2.1.2.3) differs little from the p-score in this instance²⁵. Appendix 6.2 illustrates the distribution of p-score and N2 Index scores in two Histograms demonstrating a more normal distribution of the N2 Index compared to the p-score.

6.2 Pre ethics course: Factors influencing ethical judgement making ability

ANOVA and Independent t-test results in Table 6.2 and Table 6.3 indicate that religious affiliation and type of institution seem to have no influence on students' level of ethical judgement making ability.

²⁴ Average DIT p-score (Rest 1990) :

Average college students	42.3
Average adults in general	40.0
Average senior high students	31.8
Average junior high students	21.9

²⁵ The p-scores of the respondents, who identify lower stage preferences for judgment making (Stages 2 and 3) compared to the higher stages (Stages 5 and 6) produce lower N2 scores. The N2 index takes into account the spread of preferences involving lower stage reasoning ability.

Table 6.2: ANOVA result on religious affiliation and ethical judgement making ability

<i>Religious affiliation</i>		Sum of Squares	df	Mean Square	F	Sig.
P-score	Between Groups	328.567	2	164.283	.865	.422
	Within Groups	78659.595	418	189.999		
	Total	78988.161	420			
N2 Index	Between Groups	598.612	2	299.306	1.182	.308
	Within Groups	104843.423	418	253.245		
	Total	105442.035	420			

Table 6.3: T-test result on type of institution and ethical judgement making ability

Types of institution		N	Mean	Std. Deviation	t	Sig.
P-score	Public	266	29.61	13.76	1.622	.106
	Private	154	27.36	13.64		
N2 Index	Public	266	29.17	15.89	1.450	.148
	Private	154	26.84	15.80		

A *bivariate Pearson correlation* table (refer Table 6.4) highlights that academic performance (measured as CGPA scale scores) appears to have no relationship to students' level of ethical judgement making ability.

Table 6.4: Pearson correlation matrix - academic performance, faith maturity and ethical judgement making ability prior to ethics course

		CGPA	Vertical	<i>Horizontal</i>
P-score	Pearson Correlation	.041	-.009	.038
	Sig. (2-tailed)	.358	.863	.447
N2 Index	Pearson Correlation	.077	-.011	.037
	Sig. (2-tailed)	.103	.817	.449

Results of correlations between age and p-scores in all phases of data collection supports that age has no relationship with ethical judgement making ability (refer Appendix 6.3). In summary, the findings in the first phase (pre-intervention) data collection shows that the sample of Malaysian accounting students demonstrated mainly Conventional levels of ethical judgement making ability, predominantly at Stage 4. While religious affiliation, faith maturity, type of institution and academic performance were found to influence the level of ethical sensitivity and

its constructs (refer Chapter 5), neither personal nor academic factors seem to have any influence on ethical judgement making ability.

The next section reports the results of the second phase of data collection following the completion of an ethics course intervention and the statistical analyses are organised to address relevant hypotheses. The time lapse from the first phase was approximately 10 to 14 weeks which was dependant on the availability of students. Students answered the same short version of DIT to test the effect of an ethics course on their judgement making ability.

6.3 Post ethics course: Effects of ethics course intervention on ethical judgement making ability

When investigating the effect of an ethics course on ethical judgement making ability, the number of respondents in the second phase decreased by about 38% as participants withdrew from the study. Two universities, Public C and Private F, were dropped due to low response rates. The remaining qualifying students are reported in Table 6.5 who have correctly completing the DIT. A total of 220 (out of 259) students answered the DIT questionnaire satisfactorily after passing the reliability protocols and formed the Experiment group. An additional 39 students who did not attend any ethics course made up the Control group.

Table 6.5: Responses in pre and post ethics course

		RESPONSE		Total
		Pre	Post	
Experiment group	Public A	67	49	264
	Public B	85	87	
	Public C	29	0	
	Private D	72	56	
	Private E	41	30	
	Private F	41	14	
Control group	Control G	52	15	57
	Control H	31	24	
	Total	420	259	338

Results in Table 6.6 show that there was a significant improvement in the level of ethical judgement making ability at the $p < 0.1$ level among the Experiment group. Statistical significance is usually determined by comparing a listed P value to the standard 95% two-tailed test limits (SPSS default), which are relatively strict. However as the wording of the hypothesis suggests a one-tailed test is more appropriate resulting in the identified P value of 0.068 being halved (generating a P value of 0.034).

Table 6.6: Overall means of p-scores in pre and post test phase

	P-score s				N2 Index			
	N	Mean	t	P	N	Mean	t	P
<i>Experiment group:</i> Pre-ethics course Post ethics course	220	25.09 27.36	1.832	.068*	196	27.98 26.95	.718	.473
<i>Control group:</i> First stage Second stage	39	26.07 29.57	1.285	.207	39	25.37 27.81	-.674	.504

* Significant at the 0.1 level (two-tailed test)

The result suggests that the hypothesis (H_2) be accepted²⁶ as the judgement making ability improved significantly for those students completing an ethics course compared to the control group who did not undertake an ethics course.

H_2 : An ethics course will improve Malaysian accounting students' ethical judgement making ability.

The effect size²⁷ of 0.142 is considered low, indicating that while an ethics course is able to improve students' ethical judgement making ability at the principled level (Stages 5 and 6) the impact is relatively small. Improvements recorded for the Control group are not significant.

²⁶ In all tests conducted in relation to the hypotheses raised in this study, reliance is normally placed on the default significance tests applied when using SPSS, unless otherwise stated.

²⁷ Abdolmohammadi and Reeves (2000) have suggested that the effect size of an ethics course can be determined by dividing the average mean difference of the pre and post p -score by the standard deviation of pre test p -score. Thus we can determine that the effect size as:

$$\frac{27.36 - 25.09}{15.99} = 0.142$$

The authors considered the effect size of 0.00 to 0.33 to be low, moderate at 0.34 to 0.66 and high effect when the size is 0.67 to 1.00.

As the protocols for determining the N2 Index are more stringent, the sample size reduced from 220 to 196 in universities that provided an ethics course. Table 6.6 shows that the N2 Index of students who attended an ethics course slightly decreased while students who did not undertake any ethics course showed little improvement in their N2 Index.

When comparing the break down of the p-scores (*range 0-95*), it appears that students who attended an ethics course improved in the post phase with respect to Principled items (see Figure 6.2). The number of students scoring 0 decreased and this contributes to the decreased scoring between 0 and 30. Students who scored 30 to 50 decreased slightly in the post phase while students who scored 50 and more increased. This appears to be a further indication of the effectiveness of an ethics course intervention. The findings also show that the minimum and maximum score in the pre and post tests did not change.

Figure 6.2: Distribution of p-score in the pre and post ethics course for Experiment group

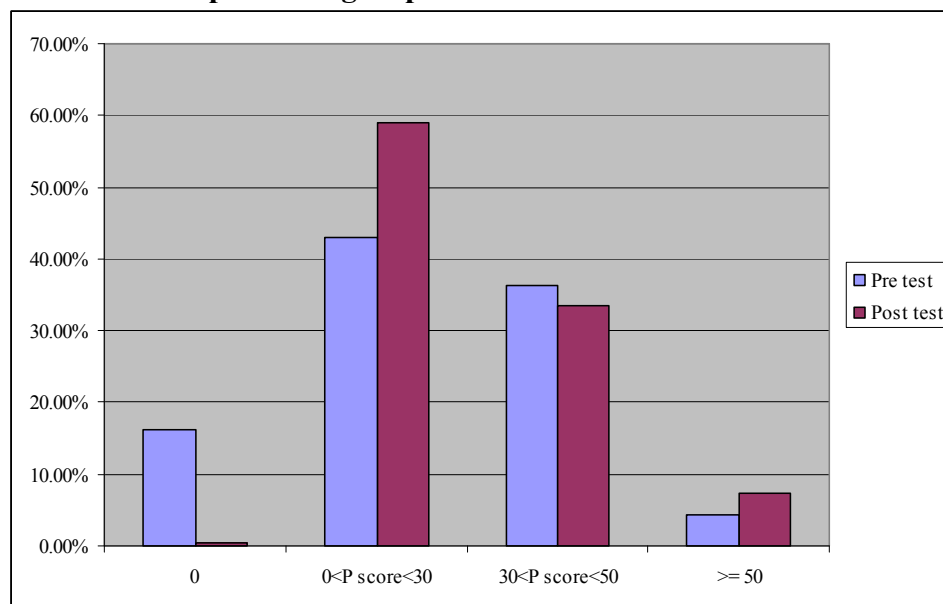
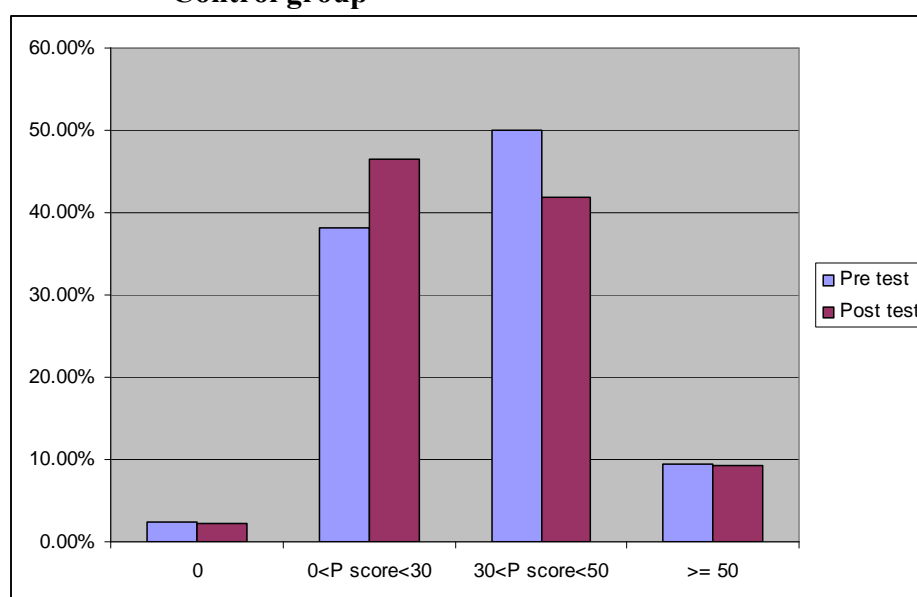


Figure 6.3: Distribution of p-score in the pre and post ethics course for Control group



Conversely students who had no ethics intervention had little movement in their low (p-score = 0) and high (≥ 50) scores (see Figure 6.3). The scores between 30 and 50 declined. Overall, students who attended an ethics course attained better p-scores compared to their counterparts in the Control group.

According to Rest et al. (1997) education can affect moral development whereby an individual demonstrates higher levels of cognitive moral development by choosing higher stage justifications for decisions and rejecting lower stage processes of thinking (Rest et al. 1997). This is because, “development is a matter of shifting distributions of stages rather than the move from one stage completely into the next” (Rest et al. 1997: 499). Using the paired sample t-test, the results of Stage 2, 3 and 4 reasoning scores are presented in Table 6.7 to determine whether any ‘shifting’ occurs. It appears that in general, the scores in Stage 2 and 3 in the post ethics course have decreased, while the score in Stage 4 has increased following completion of the ethics courses. In other words, there seems to be a stronger inclination (for students who attended an ethics course) to make ethical judgements based on what is legally acceptable and in considering the needs and views of the society as a whole. The A and M scores have also decreased (not shown in table), contributing to the distributions in the higher level of ethical judgement. Thus, it can be seen that a cognitive shifting of distributions of stages

has occurred, indicating a positive development of ethical judgement making ability among students who underwent an ethics course. Note also that the scores of Stage 4 in the pre and post tests are high, indicating most students in this study identify with the Conventional level of moral reasoning.

Table 6.7: Overall changes in mean scores in Stages 2, 3 and 4 in pre and post ethics course (Experiment group only)

Ethics course	Pre	Post	Mean diff	Std. dev.	t	Sig.
Stage 2 Pre Conventional	5.97	5.74	.23	8.78	.37	.708
Stage 3 Conventional	19.62	19.22	.39	15.62	.36	.719
Stage 4 Conventional	33.94	35.03	-1.09	18.49	-.84	.404

Table 6.8 reveals that among students in the Experiment group there seems to be a positive relationship between sensitivity scores and Stage 4 scores of Kohlberg's moral development (All figures shown indicate the difference in means between pre and post ethics course). That is, as levels of sensitivity improve, the scores in Stage 4 also increase. The increase in Stage 4 mean scores indicates an increase in the use of Conventional modes of moral reasoning. The connection between Rest's (1986) sensitivity and Stage 4 reasoning scores is interesting and intuitive, in the sense that one can envisage how an education program, emphasizing the relevance of professionalism in accounting and Codes of ethical conduct, would produce a greater awareness of ethical issues and at the same time imbue students with a recognition of the importance of associated legal constructs in society. This issue will be raised again in Chapters 7 and 8.

Table 6.8 also illustrates negative relationships between Stage 4 scores and p-scores and between Stage 4 scores and the N2 Index. This suggests that as students identify more with Stage 4 reasoning other reasoning processes are affected, including higher and lower Stages. Thus when students improved in their Post Conventional reasoning, they use less Conventional reasoning and vice versa. Table 6.9 illustrates that among students in the Control group, there appears to be negative relationships between Stage 4 scores and p-scores and between Stage 4 scores and N2 Index as expected. Although there is no apparent connection between sensitivity and moral judgement making, the negative

Table 6.8: Correlation of mean difference in pre and post test of sensitivity and judgement making ability (Experiment group)

		Sensitivity means	Stage 4 Conventional	P-score	N2
Sensitivity means	Pearson Correlation Sig. (2-tailed)	1	.146(*) .034	.071 .539	.002 .978
Stage 4 Conventional	Pearson Correlation Sig. (2-tailed)		1	-.269(*) .021	-.243(**) .000
P-score	Pearson Correlation Sig. (2-tailed)			1	.965(**) .000
N2	Pearson Correlation Sig. (2-tailed)				1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 6.9: Correlation of mean difference in pre and post test of sensitivity and judgement making ability (Control group)

		Sensitivity means	Stage 4 Conventional	P-score	N2
Sensitivity means	Pearson Correlation Sig. (2-tailed)	1	.087 .597	-.160 .512	.036 .819
Stage 4 Conventional	Pearson Correlation Sig. (2-tailed)		1	-.487(*) .048	-.524(**) .001
P-score	Pearson Correlation Sig. (2-tailed)			1	.958(**) .000
N2	Pearson Correlation Sig. (2-tailed)				1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

relationship could be due to the absence of an ethics course. Tables 6.8 and 6.9 also reveal that p-scores and N2 Index are highly correlated as expected. It indicates that the N2 Index does not improve the measurement of DIT and thus subsequent tests have omitted the discussion of this alternative measure and concentrate on the use of the better known p-score measure only, as the N2 Index provides little interpretive utility. The implications in relation to the above issues will be discussed in Section 7.1.2.6.

6.3.1 Effect of personal factors on improvement in ethical judgement making ability

It was hypothesised in Chapter 3 that religious affiliation and type of faith maturity might influence ethical judgement making ability. In examining the improvement of ethical judgement making ability (measured by the p-scores) between religious affiliations paired t-test analysis was used. The results in Table 6.10 reveal that students from each religious affiliation demonstrate improved levels of ethical judgement making ability but students from Other religions (including Christianity, Hinduism, Taoism and Sikhism) have improved significantly upon completion of an ethics course. On average, Muslim students showed very little improvement while Buddhists improved slightly. Therefore, with the variation of improvements, the following is accepted.

H_{2.1}: Improvements in ethical judgement making ability are explained by different religious affiliations.

Table 6.10: P-scores of pre and post ethics course between religious affiliations

	n	Pre	Post	Mean diff	Std. Dev.	t	Sig.
<i>Religious affiliation:</i>							
Islam	159	25.85	26.14	0.29	17.33	-.213	.831
Buddhism	33	23.94	28.69	4.75	20.53	-1.328	.193
Other religions	28	23.88	33.89	10.01	20.55	-2.384	.026*

* Significant at the 0.05 level (2-tailed).

Regression analysis was used to determine how the scale variables Vertical and Horizontal faith maturity act to predict improvements in the level of ethical

judgement making ability (p-scores), however no association was identified (Table 6.11). A similar result was found for the pre-ethics course analysis (Section 6.2). In addition, Table 6.11 shows that there is no correlation between Vertical and Horizontal religiosity and improvements in the p-scores (in comparing first phase and second phase results).

Table 6.11: Correlations between faith maturity and ethical judgement making ability

		Vertical	Horizontal	P-score (difference in pre and post)
Vertical	Pearson Correlation Sig. (2-tailed)	1	-.023 .607	-.076 .510
Horizontal	Pearson Correlation Sig. (2-tailed)		1	-.038 .743
P-score (difference in pre and post)	Pearson Correlation Sig. (2-tailed)			1

These results indicate that one's commitment to a particular faith does not correlate with changes in moral reasoning ability. Thus, it is evident that the following hypothesis cannot be accepted.

H_{2.2}: Improvements in ethical judgement making ability are explained by different types of faith maturity.

As demonstrated in Chapter 5, Section 5.7.1, Muslim students in the Experiment group improved significantly in their level of ethical sensitivity. Although not tested in the hypotheses, further investigations using paired t-test show that Muslim students in a public university significantly improved in their Conventional reasoning (predominantly at Stage 4 reasoning). Table 6.12 highlights that Muslim (Islamic faith) students were found to have Vertical faith which explains the relationships between Muslim, faith maturity (Vertical), sensitivity and Stage 4 reasoning, but not with judgement making ability as suggested by the rejection of **H_{2.2}**.

Table 6.12: Correlations

		Belief [#]	Vertical	Horizontal
Belief [#]	Pearson Correlation	1	-.412(**)	-.036
	Sig. (2-tailed)		.000	.419
Vertical	Pearson Correlation	-.412(**)	1	-.035
	Sig. (2-tailed)	.000		.421
Horizontal	Pearson Correlation	-.036	-.035	1
	Sig. (2-tailed)	.419	.421	

** Correlation is significant at the 0.01 level (2-tailed).

[#]Islam vs. Non-Islam

These results are consistent with the correlation shown in Table 6.8 on the relationship between Stage 4 reasoning and improvement in sensitivity. It indicates that religious affiliation has some bearing on the Conventional level of reasoning rather than the Principled level of reasoning. Chapter 7 will examine the relationships between the way ethics course is taught (H_{1.5} and H_{2.5}) and ethical development in more detail.

6.3.2 Effect of academic factors on improvement in ethical judgement making ability

This study examines two tertiary education issues likely to influence the cognitive moral development of students being the type of institution and students' academic performance. Paired t-test analysis results in Table 6.13 indicate that there are no significant changes in p-scores for public university students in regards to levels of ethical judgement making ability following completion of an ethics course. However, students in the private universities improved significantly compared to their counterpart. Therefore, it is evident that the next hypothesis is accepted.

H_{2.3}: Improvements in ethical judgement making ability are explained by different type of institution.

Table 6.13: Paired sample test comparing pre and post of judgement making ability between academic factors

	n	Pre	Post	Mean diff	Std. Dev.	t	Sig.
<i>Types of institutions:</i>							
Public	134	27.54	27.36	.174		.115	.908
Private	86	21.28	27.36	6.08		2.933	.004**
<i>Academic performance:</i>							
Excellent	42	25.87	31.19	5.32	18.00	-1.914	.063*
Good	67	25.57	26.82	1.25	17.51	-.581	.563
Average	76	25.39	26.23	.84	20.53	-.354	.724
Low	22	24.24	28.48	4.24	14.88	-1.337	.195

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.1 level (2-tailed).

For academic performance thirteen respondents (from 220) did not report their grades. Table 6.13 shows that judgement making ability improved for all groups after completion of an ethics course with significant improvement at $p < 0.1$ in the *excellent* group. Therefore the following hypothesis is accepted.

H_{2.4}: Improvements in ethical judgement making ability are explained by different levels of academic performance.

In summary, while an ethics course significantly improved students' level of ethical sensitivity (refer Chapter 5), the course only moderately improved ethical judgement making ability. Students' improvement in sensitivity is however seen to be associated with improvement in the Conventional level of ethical judgement making ability. In other words, an ethics course has made these students more sensitive to issues as they were exposed to ethical guidelines and rules and that this is demonstrated by an improved level of Conventional reasoning ability. There also appears to be a development from pre-Conventional to Conventional levels as proposed by Kohlberg's model. The implications of these changes will be further examined in Chapter 7 where the content and process of an ethics course are discussed.

Results also show that the modest improvement of ethical judgement making ability can be explained by three factors, religious affiliation, type of institution

and academic performance. Students in the Other religion category, students from private universities and *excellent* group students improved significantly from the ethics courses compared to their counterparts. Meanwhile, there are no differences between students' faith maturity and their levels of ethical judgement making ability after completing the ethics course.

The next section reports the results of the third phase data collection following the completion of practical training. The time lapse from the second phase was approximately 20 to 24 weeks (depending on the availability of students). Students answered the short version DIT to test whether practical training, following the ethics course intervention, will result in any changes to their judgement making ability.

6.4 Post practical training

6.4.1 Demographic profile

In determining the effect of practical training on ethical judgement making ability, p-scores are again used. A total of 117 students responded to Phase 2 and 3 surveys and passed the reliability check of the short version of the DIT instrument. This number is considerably lower than those analyzed for ethical sensitivity due to the more stringent requirements of the reliability checks. Although not a pre-requisite for inclusion in Phase 3, many of the students completing the Phase 2 survey had also attended an ethics course. Table 6.14 shows a cross tabulation between students attending and not attending an ethics course and students who underwent practical training within both groups. Out of 117 students, 102 attended practical training, thus this group of students is labeled as the Experiment group in testing the next hypothesis (H_4). The 15 students who did not attend practical training are labeled as the Control group.

Table 6.14: Third phase student profile of students qualified in DIT protocols

	Practical training	No Practical training
Ethics course	98	0
No ethics course	4	15
Total	102	15

6.4.2 Effect of practical training on ethical judgement making ability

Using paired t-test analysis, results in Table 6.15 show that the level of ethical judgement making ability (p-scores) has increased significantly upon completion of practical training. In contrast students who did not undergo practical training scored an insignificant declining p-score. Thus, it is evident that the following hypothesis (H₄) is accepted.

H₄: Practical training will improve Malaysian accounting students' ethical judgement making ability.

Table 6.15: Means of P-scores in pre and post practical training among students attended training

Experiment group (n=102)						
	Mean	Std. Dev.	Mean diff.	Std. Dev.	t	Sig.
Pre practical training	27.09	13.61	-5.22	16.76	-3.285	.001**
Post practical training	32.37	14.27				
Control group – No practical training (n=15) ^						
Second stage	26.67	15.38	.45	.21.11	.081	.936
Third stage	26.22	13.38				

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

^ Due to the small sample size, non-parametric test was run using Wilcoxon t-test and produced insignificant results (p=.950)

Factors likely to contribute to the significant improvements in Principled reasoning ability of students completing practical training will be discussed in Chapters 7 and 8. At this point it is possible to use information relating to the nature of the practical training, to examine whether different forms of training had a bearing on the outcomes provided earlier.

Among the 102 students who participated in both interventions, 56 students experienced a 'focused' task program during practical training while 46 were 'non-focused', in that the latter were involved in two or more different forms of activity during the period of 20 to 24 weeks. Paired-sample t-tests were again conducted in relation to the p-scores of these two groups. The test results provided in Table 6.16 for both groups of students (focused and non-focused)

indicate that average levels of ethical judgement making ability increased significantly for the non-focused group.

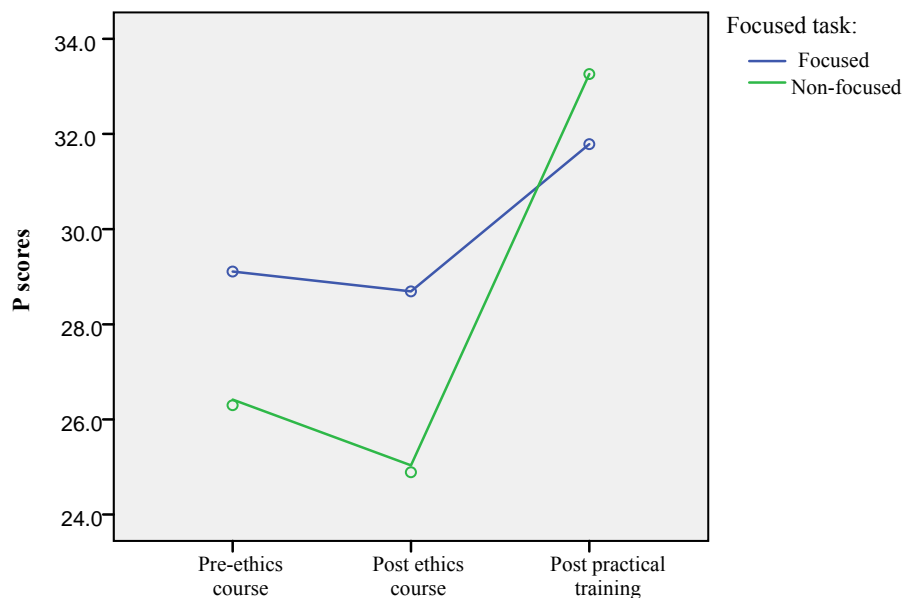
Table 6.16: Effects of practical training on P scores between task groups

FOCUSED	Mean P score	Std. Dev.	Mean diff.	Std. Dev.	t	Sig.
Post ethics course	29.02	13.73293	-2.48	16.49	-1.076	.287
Post practical training	31.50	14.74656				
NON-FOCUSED	Mean P score	Std. Dev.	Mean diff.	Std. Dev.	t	Sig.
Post ethics course	25.62	14.55314	-7.79	17.44	-2.942	.005**
Post practical training	33.41	14.87936				

** Significant at the 0.01 level (2-tailed).

The contrasting findings between students who undertook focused and non-focused tasks are illustrated in Figure 6.4.

Figure 6.4: Graphs of changes in levels of ethical judgement making ability between focused and non-focused tasks



Factors likely to contribute to the quite different outcomes of the focused and non-focused groups will be discussed further in Chapter 8.

6.5 Effect of a moral education program on ethical judgement making ability

Earlier in this chapter (Section 6.3) it was found that an ethics course significantly improved the ethical judgement making ability of students (at $p < 0.1$ two-tailed test) while practical training also resulted in a significant improvement. In light of these findings, it would be interesting to see the extent the MEP consisting of both an ethics course and practical training interventions elevate student ethical judgement making ability.

Consistent with analysis in the previous chapter, a General Linear Model (GLM) Repeated Measures approach is used to test the changes in experimental conditions within the same group of respondents (Field 2005). A total of 98 students who attended both an ethics course and practical training were included in the Experiment group. Using the p-scores of the three stages of data collection, the first panel of Table 6.17 reports the descriptive statistics (means of p-scores for stage) and the required *Mauchly's Test of Sphericity* (Sig = 0.859). The latter tests the assumption that the relationship between pairs included in the experimental condition are similar and is not violated in this instance (Field 2005). The second panel of 'test of within-subject effects' identifies the effect of the MEP, which illustrates the degree to which total variability (in judgement making ability), is explained by the experimental effect (exposure of students to the program).

The results show that the experimental effect is significant as identified by the ratio of the systematic variance (experimental effect) to the unsystematic variance, suggesting that the program provides a significant contribution to the explanation of the improvement in moral judgement making ability over time. Four methods for calculating the within-subjects effects are included in Panel 2 of Table 6.17 and all produce significant values of F. The significant improvement can be explained further by examining the third panel of 'test of within-subject contrasts' which illustrates the effect of each component of the MEP. The results highlight that the ethics course intervention (Phase 1 vs. Phase 2) did not contribute to the development of ethical judgement making ability. This is in

contrast to the results shown in Table 6.6 where an ethics course has significantly improved students' ethical judgement making ability. The practical training intervention provided highly significant contribution (Phase 2 vs. Phase 3) which is consistent with the results in Table 6.15. These slightly different results using GLM Repeated Measures emphasise the benefits of the MEP which as a whole contributes to and explains the significant improvement in students' ethical judgement making ability (Phase 1 vs. Phase 3).

Table 6.17: Repeated measures results (Experiment group)

Panel 1: Mauchly's Test of Sphericity					
Within Subject Effect	Mean	Mauchly's W	Approx. Chi-Square	df	Sig.
Moral Education Program (MEP)		.997	.304	2	.859
First phase (Phase 1)	28.3332				
Second phase (Phase 2)	27.4828				
Third phase (Phase 3)	32.5169				
Panel 2: Test of within-Subjects Effects					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Sphericity Assumed	1423.292	2	711.646	4.583	.011*
Greenhouse-Geisser	1423.292	1.994	713.894	4.583	.011*
Huynh-Feldt	1423.292	2.000	711.646	4.583	.011*
Lower-bound	1423.292	1.000	1423.292	4.583	.035*
Panel 3: Test of within-Subjects Contrasts					
MEP	Type III Sum of Squares	df	Mean Square	F	Sig.
Phase 1 vs. Phase 2	70.873	1	70.873	.226	.636
Phase 2 vs. Phase 3	2483.615	1	2483.615	8.442	.005**
Phase 1 vs. Phase 3	1715.390	1	1715.390	5.294	.024*

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

It was not possible to test whether students, who completed practical training without undertaking an ethics course, recorded significant improvements in judgement making ability as only four student's responded. Hence it is not possible to determine whether improvements in judgement making are contingent on students completing an ethics course. However, enough respondents were available to test whether improvements in principled reasoning ability occurred within an alternative MEP that included no dedicated unit of study in ethics or practical training at the end of a conventional accounting course. The equivalent

GLM Repeated Measures results for this Control group are presented in three panels in Table 6.18.

Table 6.18: Repeated measures results (Control group)

Panel 1: Mauchly's Test of Sphericity					
Within Subject Effect	Mean	Mauchly's W	Approx. Chi-Square	df	Sig.
Absence of MEP		.763	3.520	2	.172
First phase (Phase 1)	24.2213				
Second phase (Phase 2)	26.6667				
Third phase (Phase 3)	26.2227				
Panel 2: Test of within-Subjects Effects					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Sphericity Assumed	50.911	2	25.455	.143	.867
Greenhouse-Geisser	50.911	1.617	31.493	.143	.824
Huynh-Feldt	50.911	1.797	28.337	.143	.846
Lower-bound	50.911	1.000	50.911	.143	.711
Panel 3: Test of within-Subjects Contrasts					
	Type III Sum of Squares	df	Mean Square	F	Sig.
Phase 1 vs. Phase 2	89.695	1	89.695	.205	.658
Phase 2 vs. Phase 3	2.957	1	2.957	.007	.936
Phase 1 vs. Phase 3	60.080	1	60.080	.330	.575

The first panel reports the means of p-score for the three stages and illustrates the *Mauchly's Test of Sphericity* (Sig = 0.172) indicating the analysis met the assumption that the relationship between pairs of experimental condition is similar (Field 2005). The second panel of 'test of within-subject effects' identifies the effect of the absence of an MEP, and illustrates that the total variability (in judgement making ability) cannot be explained by the absence of an MEP.

The third panel in Table 6.18 of the 'test of within-subject contrasts' further illustrates the effect of each non-intervention highlighting that the absence of an ethics course during the first phase versus second phase, and the absence of practical training in the second phase versus third phase, do not contribute to any significant change in judgement making ability. Consistently, not attending an ethics course and practical training does not explain any significant improvement

in students' ethical judgement making ability (Phase 1 vs. Phase 3). Thus, students belonging to this Control group displayed no significant changes in principled judgement making ability over the period they concluded their accounting education program.

With these results, it is concluded that hypothesis (H_6) is accepted.

H₆: A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical judgement making ability.

6.6 Summary

This chapter reported changes in ethical judgement making ability among Malaysian accounting students over a period during which they were participated in two forms of interventions, a dedicated ethics course and a period of practical training. A standard three-story version of the Defining Issues Test (DIT), developed by Rest (1990) was administered. The various measures included the determination of Kohlbergian Stage scores (Kohlberg 1981b) and measures associated with the attainment of higher levels of cognitive moral reasoning (in particular, p-scores and the N2 Index derivative).

Before any intervention took place, Malaysian accounting students included in the sample demonstrated a Conventional level of ethical judgement making ability, predominantly at Stage 4. Principled reasoning ability (the extent to which students use Stage 5 and 6 reasoning skills – measured by the p-score) is found to be somewhat low compared to American studies using the pre and post DIT test (Armstrong 1993; LaGrone, Welton, and Davis 1996; Abdolmohammadi and Reeves 2000; Shawver 2006) although the results are comparable to studies involving Asian students. Students were categorized into Experiment and Control groups, according to whether or not they had completed an ethics course. A shift from Conventional to Post Conventional levels of ethical judgement making (that is, increased use of Principled reasoning skills) is apparent within the Experiment group with significant (at $p < 0.1$) Post Conventional level improvements resulting

in hypothesis (H₂) being accepted. These outcomes suggest that an ethics course provided by the sample Malaysian universities included in this study significantly elevate the level of Principled reasoning ability among their accounting students. The Control group subjects displayed no significant improvement in their judgement making ability.

The results also show that there are differences in the improvement of ethical judgement making ability within various religious affiliations, type of institution (public versus private) and students' academic performance. Students in Other religions significantly improved in their level of ethical judgement making ability, students in private universities improved significantly in this ethical process while the *excellent* academic group of students were found to have improved moderately significantly. It also appears that Muslim students attending public universities demonstrate significantly increased use of Stage 4 Conventional reasoning ability as a result of their attendance in an ethics course.

This chapter also reports the outcome of students' level of ethical judgement making ability upon completion of a period of practical training as part of the accounting education. Results show that students who underwent practical training improved their Principled reasoning ability (as measured by the p-score) significantly while students who did not undertake training demonstrated no significant change. This study also found that the tasks performed during training make a differential impact. Students who did various jobs (non-focused tasks) improved most significantly compared to those who focused only on a certain type of task.

Focusing on those students who completed the MEP multivariate analysis (involving GLM Repeated Measures) indicated that the program combining an ethics course and practical training partly explains improvements in ethical judgement making ability. Previously in Chapter 5, the results of ethics course and practical training produced by the GLM Repeated measures show similar results to the independent analysis on the development of ethical sensitivity with the ethics course and practical training interventions. However, it is slightly different in this Chapter 6 as paired t-test shows that an ethics course has

significantly improved students' judgement making ability, and on the other hand, GLM Repeated measures indicates that while the MEP significantly improved ethical judgement making ability, the practical training component appeared to contribute more to the improvements identified and ethics course appears not to be significant. Results also indicate that students in the control group did not show any significant improvement in their judgement making ability upon completing a period of education.

Results examined in Chapters 5 and 6 suggest that the way an ethics course is taught in different universities may influence the ethical sensitivity and judgement making ability of students. The four constructs of teaching ethics, objective of an ethics course, content, expertise (or ethics lecturers) and the process will be analysed in the following Chapter. Issues associated with the application of practical training, including feedback from students completing training, will also be examined in Chapter 7.

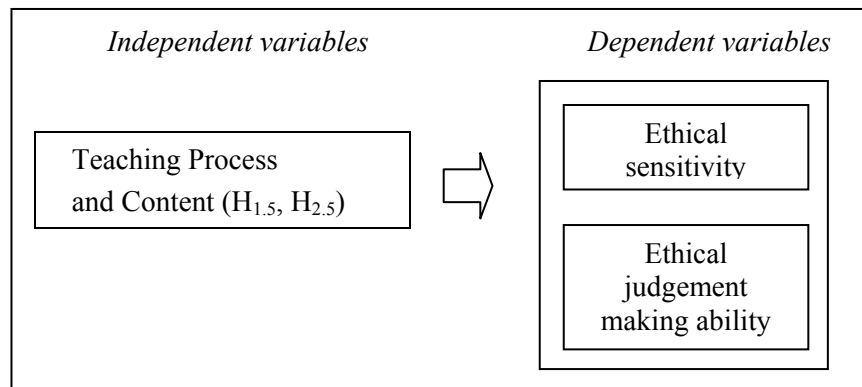
Chapter 7: Analysis of the Application of an Ethics Course and Practical Training Experience

“There is only one sound method of moral education. It is teaching people to think”.
~ Everett Dean Martin (1880-1941)

7.0 Introduction

Chapters 5 and 6 reported the effects of an ethics course intervention on students’ ethical sensitivity and ethical judgement making ability (respectively). Results show that an ethics course significantly improved levels of ethical sensitivity while ethical judgement making ability moderately improved. This chapter investigates whether the manner in which a course is taught and managed, including the objectives, content, expertise and process, has some influence on the improvements recorded. The chapter also reports student comments about their ethical experiences during practical training. Figure 7.1 identifies the aspects of the conceptual design that will be examined in detail.

Figure 7.1: Conceptual design connecting variables



Following a report on demographic profiles in Section 7.1, Section 7.2 discusses the differing syllabi offered by the universities included in the sample design. In conjunction with the investigation on the effects of an ethics course on ethical sensitivity and judgement making ability, this chapter further investigates whether the way an ethics course is taught in different universities significantly affects levels of ethical sensitivity (**H_{1.5}**) and ethical judgement making ability (**H_{2.5}**).

The syllabi are compared and contrasted followed by the testing of the hypotheses which consists of examining the pre and post results of the two constructs of moral behaviour on individual sample universities using relevant survey instruments (refer Section 7.3).

A qualitative analysis is then conducted in Section 7.4 to examine whether teaching processes such as the objectives of the course, the content, expertise and process contribute to the results of levels of ethical sensitivity and ethical judgement making ability after a course has been completed. Section 7.5 then reports qualitative aspects associated with practical training experience to ascertain how these experiences may have impacted ethical development.

7.1 Demographic profiles of selected universities

The way an ethics course is taught is analysed in two public universities (Public A and Public B) and two privates (Private D and Private E). Students in this sample design are comparable as they were in their third year of an accounting program when they enrolled in the ethics courses²⁸. Table 7.1 illustrates the distribution of student demographics in each university in respect of the original pre-course sample of 595 participants. Muslim students dominate Public A, Public B and Private E. Two-thirds of Branch 2 of Public B is Muslim, while the remaining students are from Other religion (consisting of, for example, Christianity, Hinduism and Taoism). Half of the students in Private D are Buddhists. It is important to highlight that the distribution of religious affiliation in the post ethics course is not significantly different from the pre course (refer Chapter 5, Table 5.2).

The distribution of categories of CGPA (representing academic performance) is nicely distributed in the two Private universities. Public A and Public B (Branch

²⁸ Subjects taught in all public and most private universities offering accounting programs are similar to that recommended by the Malaysian Institute of Accountants (MIA), but the structure of the program (for example, which semester to include certain subjects) is slightly different and does not affect the comparability of students in this study.

2 and 3) have low representations in the *excellent* category, while Branch 1 of Public B has no students in the *low* category.

Table 7.1: Cross tabulation of students in individual universities based on religious affiliation and academic performance prior to ethics course

Religious affiliation	Public A	Public B			Private D	Private E
		Branch 1	Branch 2	Branch 3		
Islam	94.9%	100.0%	65.2%	100.0%	18.6%	92.8%
Buddhism	2.6%	0.0%	0.0%	0.0%	52.2%	1.4%
Other religion	2.6%	0.0%	34.8%	0.0%	29.2%	5.8%
Academic performance (Categories of CGPA)						
Excellent	2.9%	46.3%	4.3%	0.0%	28.3%	13.3%
Good	18.6%	35.2%	30.4%	15.4%	33.6%	30.0%
Average	52.9%	18.5%	52.2%	65.4%	27.4%	41.7%
Low	25.7%	0.0%	13.0%	19.2%	10.6%	15.0%

Although these universities provide almost identical content in their accounting programs, they have some differing demographic characteristics. Firstly, Public A is situated in an Islamic state of Terengganu, which has a stronger representation of Muslim students. The accounting program in this University is also relatively new. In contrast, Public B has a well established accounting program, with 13 branch campuses throughout Malaysia. This study includes data from three of its branches, which use standard syllabi, however each branch employs lecturers from different backgrounds. Public B is a special university for indigenous ethnic groups (referred to as ‘Bumiputera’ where the majority is Malay), thus one can expect that the bulk of students in this sample are Malays and embrace Islam as their religion. This is reflected in the demographics of Branch 1 and Branch 3. Branch 2 is situated in one of the Borneo states, a state where there are 40 ethnic groups (for example, Iban Melanau and Bidayuh). The predominant religious affiliation is Islam while the ‘Other religion’ consists mostly of Christians. Private D is popular and interesting in that it is the only private university in Malaysia qualified in the nation’s university ranking. This ranking emphasises regionally significant measures of excellence, where quality as well as high productivity in research distinguish them from their regional peers

(refer <http://www.tm.com.my/about-tm/newsroom/2009/090515.asp>). This may explain why Private D attracts more non-Islamic students. Meanwhile, Private E is situated in a remote area, attracting higher numbers of Islamic students.

It is also important to note that Public B is an experienced institution with various international linkages and an established accounting program which started in 1956²⁹. This university offers a wide range of accounting programs from certificate to PhD level, and various professional programs which are accredited by a number of the professional bodies³⁰. In contrast, Public A, Private D and Private E are younger universities with limited international linkages. These characteristics may also suggest that Public B has more experienced staff in comparison to their more recently established counterparts. The following section examines these issues and how the participating universities teach and organize their ethics courses.

7.2 A comparison of ethics course constructs among selected universities

The following sections (Sections 7.2.1 to 7.2.5) describe, compare and contrast the ethics courses taught in the selected universities based on the four identifiable constructs: objectives, content, expertise and process.

7.2.1 Objectives

The objectives of ethics courses for the four Malaysian Universities listed in Table 7.2 are analysed by referring to ethics syllabi supplied by the institutions. While the objectives differ in their emphasis, there is agreement that ethics courses should be able to make students aware or recognize ethical issues that arise in the business and accounting environment, and that students' should

²⁹ Information on the Universities has been obtained from the University websites and through direct contact with lecturers. However, due to confidentiality, the website or other reference cannot be cited where this may lead to a direct connection of results or comparison of results between universities.

³⁰ Professional accreditation is through the following bodies: Association of Certified Chartered Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), Institute of Chartered Secretaries and Accountants (ICSA), Certified Public Accountants (CPA Australia), Certified Accounting Technicians (CAT), Certified Practising Accountants (CPA Australia) and Institute of Chartered Secretaries and Administrators (ICSA). Refer footnote 1 for referencing.

understand ethical theories, concepts and philosophies. This is consistent with the recommendation made in past studies that suggests an ethics course should aim to enable students to recognize ethical issues in a given situation, develop analytical skills when facing an ethical dilemma, and enable them to make appropriate moral decisions. This would encourage a sense of moral obligation and personal responsibility in the students (Muskavitch 2005; IFAC Information Paper 2006). In relation to learning, Freire (1987) claims that a teaching process is not only about imparting knowledge to the student, rather it is that student's ability to apply what has been learned (Lyons 2001). In addition, knowledge has to be comprehended, reviewed through debate or discussion and reflected upon (Freire 1987). In other words the objectives of an ethics course should take into account that students should be able to understand, visualize and relate the imparted knowledge to their lives and workplace experiences.

Table 7.2: Comparisons of course objectives

<i>At the end of the course, students should be able to:</i>	Public A	Public B	Private D	Private E
1. recognise ethical issues in business and accounting.	√	√	√	√
2. understand the impact of ethical issues and the impact of decisions on stakeholders.	√	√		
3. analyse alternative courses of action relating to ethical dilemmas through ethical reasoning (judgement making ability).		√	√	
4. justify courses of action.		√		
5. understand ethical theories, concepts and philosophies.	√	√	√	√
6. apply ethical theories, concepts and philosophies when resolving ethical dilemmas.	√	√	√	√
7. understand related ethical codes/codes of conducts.		√	√	
8. make ethical decision making/reach ethical solution/promote good ethical values.	√			
9. understand the changing role of business responsibility	√			

Legend: √ - university addresses the objective

In consonance with these beliefs, ethics courses in Public A and Public B explicitly expect students to understand the impact of ethical issues and decisions made on stakeholders (refer Table 7.2). Further, Public B and Private D clearly

state that students should be able to apply appropriate ethical reasoning processes and analyse alternative courses of action. Public B and Private D also require students to be exposed to related codes of conduct. However, only Public B indicates a desire to train students to enable them to justify different courses of action. Lastly, Public A indicates that the ethics course it offers aims to provide students with an ability to make ethical decisions and understand the changing role of business in society, matters that are not explicated in other universities as part of their objectives. This inclusion is justified when one recognizes the expanding role of internationalisation in business and that students should be exposed to a broad range of intercultural issues. In summary, the objectives of ethics courses conducted by the four universities implicitly aim to develop the ethical sensitivity and ethical judgement making ability of accounting students.

In comparing the components of an ethics course comprising the objectives, content, expertise and process, information was extracted from ethics course syllabi and from feedback provided by ethics lecturers in the lecturer's questionnaire (refer Appendix 1.6 and Section 4.2.2). Additional information was also extracted from communications with lecturers made via emails and other resources shared by the lecturers on the Internet (for example, in reflections sent to students). Before comparing and contrasting the components of a course, the responses from ethics lecturers are discussed in the following section.

7.2.2 Lecturers' feedback on ethics course

In order to understand perceptions and teaching practices, reference is made to the questionnaire completed by six ethics lecturers from four sample universities included in this study. The perceptions of additional six ethics lecturers from non-sampled universities were also approached to identify their perceptions on teaching ethics. Full details of their responses are reported in Appendices 7.1 and 7.2 respectively.

The responses of all twelve ethics lecturers did not differ significantly. It appears that the majority of these lecturers enjoy, feel comfortable with and have a passion for teaching ethics. They are also aware that they are responsible for the

inculcation of good ethical values in students. Given these positive feelings towards teaching ethics, the lecturers reported that they perceived that they were able to sensitise the students to ethical issues.

From the information provided in Appendices 7.1 and 7.2, lecturers are less unanimous about whether or not their teaching impacts students' values and they are of the opinion that students' upbringing, culture and religious teaching may have a bearing on how they perceive ethical issues. They also agree that the right teaching method is important in determining effective learning outcomes.

Lecturers concur that they constantly encourage students to publicly discuss thoughts and ideas by inviting them to talk about ethical theories they are studying and agree that this creates opportunities for classroom debate. However, lecturers assert that few students are ready to actively participate and half of the lecturers admitted that they personally tend to dominate the discussion in class.

Specifically in relation to the Universities sampled in this study, the ethics lecturers stated that small groups are organised to discuss case studies. Case studies are used by all lecturers while only lecturers in Public B organise role plays. Although newsworthy issues are discussed, everyday personal issues, debates and maintaining journals are less encouraged. Lecturers strongly affirm that students' attitudes towards their ethics class are important in achieving learning objectives, but only Public A and Public B lecturers said that they remind students that it is not only about gaining a good grade rather, it is about developing sensitivity and moral reasoning ability. Almost all lecturers perceive that their assessment outcomes accurately reflect student performance and enable them to measure the achievement of learning objectives.

On the issue of who should teach ethics courses, all twelve lecturers have mixed opinions. In general, lecturers have different views about whether a philosopher should teach business ethics or provide consultative assistance. Examining individual responses, it is found that accounting lecturers felt that they are the best person to teach ethics to accounting students and not management lecturers. On the contrary, the management lecturers think the opposite. However, both

accounting and management lecturers seem to believe that team teaching by both philosophers and accounting/ management lecturers would benefit an ethics class.

All lecturers were inclined to agree that text books used in this course are chosen based on their availability and affect the form and content of the unit outline and tend to be relied upon as the major teaching aid. Other than text books, it appears that only two lecturers provide links to ethics websites or give additional information from the Internet, with the latter only rarely referred to as a medium for discussion. It appears that the majority of lecturers are comfortable using the traditional form of teaching, which is giving lectures, conducting discussions based on case studies in small groups and relying on text book material to guide them in delivering the content of an ethics course.

In summary, although ethics lecturers are from a variety of backgrounds and conduct ethics courses in varying ways, they appear to agree on most related pedagogical issues.

Feedback information obtained from the six ethics classes from the four universities included in the sample design relating to course content, expertise and process, is summarised in Table 7.3 and discussed further in Sections 7.2.3 to 7.2.5.

7.2.3 Content

In general, the distributions of content, self-reported by the ethics lecturers, vary in all four universities. Accounting issues are discussed in all ethics courses to a certain degree. It is important to highlight that Public B places the most emphasis on accounting issues compared to other universities. On the other hand, two universities (Public A and Private E) place greater importance on management issues. Ethical theories and frameworks are covered at all universities with different levels of intensity. Ethics lecturers of Branch 1 and Branch 3 of Public B reported that they incorporated the Islamic perspective of moral reasoning in business (refer ethics syllabi in Appendix 1.6). This is permissible as both classes consist entirely of Muslim students. The differences in the coverage of the ethics

syllabi are however not surprising for, as illustrated in Section 7.2.4, ethics lecturers come from different academic backgrounds. This suggests that ethics lecturers are inclined to deliver the ethics course content based on their personal expertise.

Table 7.3: Comparisons of business ethics course content, expertise and process

CONSTRUCT		Public				Private	
		A	B1	B2	B3	D	E
COURSE CONTENT (percentage)	Accounting issues	30	34	30	50	10	25
	Management issues	40	8	30	0	10	35
	Ethical framework and theories	20	42	30	50	80	10
	Other related issues	10	16	10	0	0	30
EXPERTISE	Accounting	√	√	√	√	√	
	Management	√					√
	Ethics	√	√	√		√	√
	Others (i.e. Chartered Accountants)	√				√	
	Teaching ethics experience (no. of semester taught)	2	6	12	2	4	10
PROCESS	Approach/ activities	Lecture	√	√	√	√	√
		Tutorials		√	√	√	√
		Case studies	√	√	√	√	√
		Role play		√	√		
		Log/journals		√			
		Electronic forum					√
	Material	Main text notes	√	√	√	√	√
		Case studies	√	√	√	√	√
		Internet links	√	√			
		News/issues	√	√	√	√	√
	Assessment (percentage)	Test(s)	20	10	10	10	0
		Final exam	60	60	60	60	70
		Project/assgnmt	15	10	10	10	15
		Case studies	5	15	15	15	5
		Others	0	5	5	5	0
	Number of students		70	60	30	30	130
	Contact hours per semester		42	42	42	42	42

Legend: √ - construct fulfilled/used by the universities

7.2.4 Expertise

In his theory of knowledge transmission, Freira argues that the instructor (or ethics lecturer) and students teach and learn from each other and emphasise dialogue involving respect (Freire 1987; Lyons 2001). This requires that ethics lecturers have experience, both in the teaching of the subject matter and its delivery. Table 7.3 indicates that five ethics lecturers have accounting credentials, including two Chartered Accountants and one of the five also has management qualifications (Public A). The sixth lecturer (Private E) has management qualification. With the exception of the Public B, Branch 3 lecturer, all claim they have expertise in teaching ethics. In addition, lecturers, be it from the accounting or management backgrounds, claim that business ethics courses offered to accounting students should be taught by them. In other words, accounting lecturers argue that they were the most appropriate group to teach ethics to accounting students while the management lecturers assert they are more eligible. Only Public B, Branch 1 lecturer disagreed and believed that it is not about academic background, but the qualities of the person teaching the unit.

7.2.5 Process

The process of teaching the courses includes five criteria; approaches, material, assessment, class size and contact hours. Scrutinizing the approach taken, the analysis in Table 7.3 illustrates that all lecturers in the sample design reported that they adopt the traditional lecture approach to teaching ethics. Lecture sessions last at least an hour in all units and the remaining hours are devoted to tutorial work. Discussions of case studies are undertaken weekly and in groups in all ethics classes and are mostly international in perspective and drawn from text books. Studies have shown that using cases and ethical dilemmas can stimulate moral reasoning levels in business students (Maclagan 2003).

In the context of this study, effective teaching of ethics would result in the improvement of ethical sensitivity and ethical judgement making ability, which is also prescribed in the course objectives for all participating universities. From the perspective of constructivism theory on knowledge and learning (earlier described in Chapter 2, Section 2.5), students are active processors of information (Rovai

2004). Lecturers should respect the process, to the extent that they ought not to 'deposit' ideas or knowledge into students; rather that it is a shared processes between teachers and students (Au and Apple 2007:460). However, this conceptual view was found to be practised only in ethics classes of Public B. Lecturers from Public B organise role-playing as part of the class activities. Students are divided into groups and each group member is assigned a part. After students have performed the role-play assigned individually and in groups, everyone is provided an opportunity to discuss the activity. The ethics lecturers in all three branches of Public B provide analysis and feedback on role-plays and make concluding remarks on what has been achieved. They complete a debriefing orally and in writing, providing each student with personal comments. The lecturer from Branch 1 of Public B adopts varied approaches in delivering the content, including song and poem competitions as well as an ethics exhibition. This enthusiastic lecturer also requires students to maintain weekly journals where students are asked to write personal experiences that involve an ethical dilemma or challenge. Feedback and reflections are then provided by the lecturer on a regular basis which allows reference to a moral framework where students can review their attitudes (Hill and Stewart 1999; Woodbine 2005). In another situation, the Private E lecturer uses an electronic forum to discuss emerging moral issues found on the World Wide Web.

There are various types of materials used in ethics classes and it is encouraging to note that lecturers do not rely on lecture material alone. All lecturers discuss case studies and news (on ethical issues), and two of them, Public A and Public B Branch 1, provide internet links for students to use as additional references, sources of readings and exercises. All ethics lecturers in this study also admit that they rely heavily on materials from designated text books, which greatly influence the nature of the course content.

In assessing student performance, all lecturers use test(s) and a final examination as inputs to a grading process. The component of test(s) and examinations are consistent across public universities as required by the Malaysian Institute of Accountants (refer Table 7.3). Private E puts greater emphasis on assessing the projects assigned, while Private D places most emphasis on final examinations in

evaluating student performance. The remaining universities allocate 10-15% of assessment to assignments. Unlike other universities, Public B uses quizzes as part of the assessment. In summary, it can be seen that ethics courses in Malaysian universities place an emphasis on grading students based on their understanding of the subject matter and less on experiential ethical learning processes (for example, debate, role play, discussion). This may be a drawback in effective ethics learning.

The class size of business ethics courses in Malaysian universities differs, ranging from 30 to 140 students. However, the lecturers claim that large classes are divided into smaller groups during tutorials or discussions, particularly when case studies are assigned. Having small group discussion is central in an ethics course. According to constructivism theory, for effective learning to occur, particularly for subjects like ethics, much knowledge is acquired from personal experience and interactions within society (Driscoll 2000; Gadotti 2002; Almala 2006; Woo and Reeves 2007). In other words, it needs students to be actively involved in the learning process, mainly in expressing their moral views, as they refer to their current knowledge, past experience, personal background and cultural values to arrive at their evaluation about what is right or wrong. However ‘constructivism’ in this form does not appear to be reflected in the syllabi as the assessment focuses on examinations and projects involving case studies, and not on students’ involvement and participation in class. Examinations and assignments tend to accentuate surface learning, where marks are allocated according to an ability to acquire and regurgitate knowledge that tends to be forgotten over the longer term.

Furthermore, projects and assignments relating to case studies are conducted on a group basis. It is argued that the learning environment of an ethics course should be individualized and self-directed (Sims and Felton 2006). The absence of reward in class participation will not encourage students to share their ethics-related thoughts and views, thus lecturers must value active participation in class as this is imperative to the process of learning ethics (Sims and Felton 2006). Finally, as indicated in Table 7.3, all universities spend 42 hours over the semester to teaching ethics which is a standard allocation for most accounting units.

A summary of the way ethics courses are managed in each university is presented in Table 7.4. The summary clearly identifies significant differences in the constructs associated with the teaching of business ethics and provides a justification for comparing the effects of the various programs on ethical sensitivity and judgement making ability. Appropriate univariate statistical analyses (for example, paired sample t-tests) are applied to identify the differential impact of these programs with respect to the four universities included in the sample survey. In testing the related hypotheses, conclusions are made based on the quantitative results and qualitative analyses presented in the previous sections of this chapter. A further analysis of the differences in teaching processes is provided in Section 7.4 to support the findings associated with hypotheses $H_{1.5}$ and $H_{2.5}$.

Table 7.4: Summary of constructs influencing the effectiveness of ethics courses

Analysis	PUBLIC A	PUBLIC B	PRIVATE D	PRIVATE E
Objective:	Aims to expose students to business issues and demonstrate how ethical issues can be resolved.	Aims to sensitise students to moral issues and apply moral concept and philosophy in finding, justifying and recognising the impact of course of actions.	Aims to expose students to ethical issues, particularly in accounting, focusing on applying of code of conduct and impact of decisions on stakeholders.	Aims to expose students to ethical issues, particularly in management.
Content:	Focus on issues in accounting and management, less on theoretical concept.	Emphasise on issues particularly on corporate governance and stress on ethical concepts and code of ethics. Include Islamic and religious perspectives in making moral reasoning when dealing with business.	A major amount of content is on theories and less on issues, this probably contributes to the slight improvement in sensitivity and significant leap in JMA.	Focus on issues in accounting and management, very little on theoretical concept.
Expertise:	Multi tasking, teach accounting and management courses, fairly new to ethics course, little experience in teaching the course may contribute to the outcome of students' sensitivity and JMA.	Public B1 has an experienced lecturer with accounting and ethics background and was a committee member in designing ethics course for <i>Halatuju2</i> . Public B2 has a highly experienced lecturer in accounting and ethics. Public B3 ethics lecturer is fairly new in teaching the course.	Based on an informal interview ^a , the ethics lecturer is highly determined and has high expectation on students to grasp what is being taught. She is highly experienced in the accounting industry and work experience abroad.	An experienced management lecturer and ethics.
Process: <i>Approach</i> <i>Material</i> <i>Assessment</i>	Mainly lecture and case studies. Use internet links other than traditional* materials. No distinctive element in assessment.	Use various approaches in delivering ethics. Use internet links other than traditional materials. No distinctive element in assessment.	Mainly lecture and case studies. Traditional materials. No distinctive element in assessment.	Mainly lecture and case studies. Traditional materials. Project and assignment constitute a major part of assessment, other than exam.
RESULTS:	ES - slightly improved EJMA - slightly declined	ES – significantly improved EJMA – slightly improved	ES – slightly improved EJMA – significantly improved	ES – slightly improved EJMA – slightly improved

Legend: ES – ethical sensitivity; EJMA – ethical judgement making ability; ^a This was an opportune interview and no other interviews were conducted in this research. *Bold type reflects a significant improvement.*

7.3 Effect of the way ethics courses are managed on students' ethical sensitivity and judgement making ability

Sixteen business related scenarios adopted from Longeneckers et al. (1989) were used to measure students' ethical sensitivity as discussed in Section 4.2.1.4. Statistical findings pertaining to the pre and post phases of an ethics course intervention in relation to ethical sensitivity are presented in Table 7.5.

Table 7.5: Mean sensitivity (pre and post) by individual university

Sample university	n	Mean ^a		Mean Diff.	Std. Dev.	t	Sig. (2 tailed)
		Pre	Post				
Public A	55	3.00	2.90	.11	.845	.967	.338
Public B	102	2.74	2.22	.52	.889	5.856	.000**
<i>Branch 1</i>	<i>54</i>	<i>2.31</i>	<i>1.85</i>	<i>.45</i>	<i>.875</i>	<i>3.778</i>	<i>.000**</i>
<i>Branch 2</i>	<i>23</i>	<i>3.02</i>	<i>2.53</i>	<i>.49</i>	<i>.950</i>	<i>2.494</i>	<i>.021*</i>
<i>Branch 3</i>	<i>25</i>	<i>3.38</i>	<i>2.71</i>	<i>.67</i>	<i>.876</i>	<i>3.849</i>	<i>.001**</i>
Private D	61	3.14	3.03	.11	.839	1.010	.302
Private E	46	3.73	3.60	.12	.776	1.117	.270

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

^a The means are based on a 7 point scale from Not Acceptable (1) to Always Acceptable (7).

These findings show that students who completed an ethics course in all three branches of Public B demonstrated significantly increased levels of sensitivity. Although the mean scores improved for Public A, Private D and Private E, the increments were statistically insignificant ($p < 0.05$). On the basis that ethics classes were managed and conducted differently and resulted in varying levels of improvement in student ethical sensitivity, it is recommended that the following hypothesis (**H_{1.5}**) be accepted:

H_{1.5}: The way an ethics course is taught will influence the ethical sensitivity of Malaysian accounting students.

As discussed in Section 4.2.1.2, the short version of the Defining Issues Test (DIT) developed by Rest (1986) was used and p-scores were calculated to measure ethical judgement making ability before and after completion of the

ethics course for each participating university. Comparative data are illustrated in Table 7.6. Paired sample t-tests were again used and show that levels of ethical judgement making ability slightly decreases in Public A. Public B and Private E show little improvement while Private D university improved considerably, and the increment is significant at $p < 0.05$ level. In other words, students attending the ethics course in Private D improved significantly in their ability to apply principled reasoning skills at the Post-Conventional level (Stage 5 and 6) of Kohlberg's model of moral development. Teaching processes connected with this improvement are discussed in Section 7.4 below.

Table 7.6: Mean p-scores (pre and post) by individual university

	n	<i>P-score</i>		<i>Sig.</i>	Stage 2 Pre Conventional		Stage 3 Conventional		Stage 4 Conventional	
		Pre-ethics course	Post ethics course		Pre	Post	Pre	Post	Pre	Post
Public A	49	25.58	25.03	.844	4.67	5.49	20.89	20.44	36.37	36.00
Public B	85	28.67	28.71	.983	6.94	5.83	18.89	17.94	33.17	37.62
Branch 1	44	28.11	28.94	.717	6.90	6.36	20.77	16.74	31.55	39.53
Branch 2	18	30.19	32.22	.626	7.41	5.00	19.44	19.44	33.70	29.81
Branch 3	23	28.55	25.51	.439	6.67	5.51	14.93	18.99	35.79	40.14
Private D	56	22.70	31.25	.003**	4.85	5.38	17.95	18.64	32.07	31.11
Private E	30	18.44	20.11	.587	6.90	6.43	22.38	22.20	35.36	32.02

** Significant at the 0.01 level (2-tailed).

Changes in the use of the lower level reasoning skills at the Pre-Conventional (represented by Stage 2 scores) and Conventional levels (Stages 3 and 4 scores) are also investigated. It is apparent that the scores of lower stages (Stages 2 and 3) of Public B students have declined, but produced higher scores in Stage 4. In other words, these students progressed from Pre-Conventional level, the type of ethical reasoning where the individual accentuates concern for self, to the Conventional level (particularly in Stage 4, refer Table 7.6) where individuals refer to the laws and societal norms when making ethical judgement. For Private E the students improved by identifying less with Stage 2, Stage 3 and Stage 4 methods of reasoning while preferring to apply more often to higher Stage 5 and 6 (p-scores), the level where individuals make ethical judgements with reference to the universal values or principles and utilitarian precepts, which may not

necessarily be consistent with extant legal requirements (Trevino 1986). In other words, they have improved in their ability in reasoning from self-centred ethics, to the next level of adherence to the law and finally being able to apply principled reasoning skills. However, similar shifts (development from one level to another) in reasoning ability could not be identified for Public A and Private D.

Table 7.7: Improvement in Stage 4 of DIT for Public B

Stage 4 Conventional	Pre	Post	Mean diff	t	Sig.
Public B	33.17	37.61	4.44	-2.353	.021*
Branch 1	31.55	39.53	7.98	-2.825	.007**
Branch 1 and 3	33.03	39.75	6.72	-3.136	.003**

As indicated earlier (in Section 7.1.1), although branches in Public B use a standardized ethics course syllabus, the courses are taught by different lecturers with each lecturer in a particular branch weighting course context differently covering and employing different approaches to teaching the course (refer Table 7.3). Therefore, these branches produced different outcome. Results in Table 7.6 indicate that Branches 1 and 2 show little improvements in p-scores while the p-scores in Branch 3 have fallen. Students in Branch 1 however improved from the Pre-Conventional level (Stage 2) to higher Conventional level (that is, shifting to Stage 4, refer Table 7.7). It is evident in Table 7.7 that the ethics course taught in Branch 1 resulted in a considerable increase in Stage 4 Conventional reasoning but little improvement in Principled reasoning skills (refer Table 7.6). Meanwhile, Branch 3 scores have decreased at the Pre-conventional and Post-Conventional Levels while exhibiting a substantial increment in scores at the Conventional level (especially in Stage 4, refer Table 7.7). The analysis of Stage 4 improvement is conducted for these two branches due to the earlier statement mentioned in Section 7.2.3, that the lecturers in Branch 1 and 3 of Public B incorporated the Islamic perspective on business ethics and thus emphasise the importance of this distinctive criteria. Table 7.7 shows that students in these classes improved significantly in their Stage 4 reasoning ability, indicating that upon completing an ethics course, students are inclined to make ethical judgements following legal and moral codes and adhering to rules expected by the society (Kohlberg 1984).

Therefore, in general, it is evident that different ethics courses produced dissimilar results with respect to students' ethical judgement making ability, both at the Post-Conventional and Conventional levels. Based on the results, it is also recommended that hypothesis (H_{2.5}) be accepted.

H_{2.5}: The way an ethics course is taught will influence the ethical judgement making ability of Malaysian accounting students.

It is interesting to note that the greater emphasis placed on the teaching of Islamic moral codes by Public B also resulted in significant improvements in ethical awareness (refer Table 7.5). This observation establishes the notion that improvements in ethical sensitivity are correlated with improvements in judgement making ability at the Stage 4 level, at least for the Muslim cohorts (refer also to Table 6.8). Whether this has significant implications in relation to the way syllabi ought to be structured and delivered to accounting students at Malaysian Universities, will be discussed in Chapter 8.

Based on the premise that the way an ethics course is taught influences the ethical awareness and judgement making ability of Malaysian accounting students, the following section further examines the implications of these influences in terms of the ethics course components (namely objective, content, expertise and process) and associated hypotheses.

7.4 Qualitative assessment of course components

The following sections examine the syllabus from the four universities and the differences in objective, content, expertise and content of an ethics course.

7.4.1 Objective

In this section, the varied objectives of the ethics classes conducted by the selected universities are examined in more detail. An ethics course that aims to alert students to ethical issues and teach them the black and white of business

ethics appears likely to improve ethical sensitivity. However, if the objectives go further by teaching students to justify the error of certain acts, ethical sensitivity and reasoning ability could improve further. This is evident in the objectives of Public B ethics course (refer Table 7.2) and the significant improvement of ethical sensitivity of its students. In contrast, it is deduced that when the objectives of an ethics course are not focused and has numerous attributes in ethics to consider, it resulted in no significant improvement in sensitivity and a decline in judgement making ability after the course. This is evident in the objectives of the ethics course of Public A (refer Table 7.2), which tends to achieve various objectives (from recognizing ethical issues to ethical decision making) but did not produce a positive outcome. In other words, clear and focused objectives can assist the ethics lecturer to achieve specific aims, for example, to sensitise students to ethical scenarios, rather than endeavouring to teach them how to make ethical decisions which can be abstract, subjective and possibly confusing in nature.

In promoting ethical judgement making ability, Public D has made a significant contribution (refer table 7.6) and this may also be associated with the aims of the course, which emphasise the reasoning behind any action, applying ethical theories, concepts and philosophies when resolving ethical dilemmas. Again, Public A syllabus aims to achieve a lot but overlooks the importance of educating students on the need to justify courses of action. This may account for the lack of improvement in the level of ethical judgement making ability of Public A students (refer Table 7.6).

In summary, it is evident that various objectives as stated in course syllabi may account for the variation in improvement in ethical sensitivity and judgement making ability of accounting students, assuming they were translated into related teaching strategies. This supports the previously accepted $H_{1.5}$ and $H_{2.5}$.

7.4.2 Content

Generally, the content of an ethics course should be designed to achieve the objective(s). The extent to which emphasis is placed on the discussion of ethical issues and theories may also influence the effectiveness of an ethics course. It

appears likely that a syllabus which focuses on issues, both accounting and management, and less on ethical theories or philosophies (refer Table 7.3) is inclined to improve student levels of ethical sensitivity. This is evident in the content of Public B syllabus and the resulting improvement in ethical sensitivity. In addition, the content may determine which ethical construct or process (for example, sensitivity, judgement, intention or behaviour) students are encouraged to attain. In contrast, the content in Public A syllabus seems to not appropriately match its objectives. For example, it can be identified that the objectives of the course aim to sensitise students to ethical situations, make good ethical judgements and decisions. However, a large proportion (70%) of its content deals with accounting and management issues while only a small part deals with ethical frameworks or theories. Ethical judgment making ability actually declined slightly for this class.

The content of ethics courses with issues in all areas of business appear to be able to improve ethical sensitivity, furthermore if the content devotes a substantial portion to the discussion of ethical theories and concepts, including exposure to codes of ethics, then this may also improve student ethical judgement making ability. This appears evident in the content of Private D where p-scores were shown to increase significantly. In this case, the use of Post Conventional level reasoning skills may have been stimulated as a result of the exposure to the various theories of ethics. Similarly, an emphasis on teaching codes of ethics and corporate governance by Public B may explain the considerable improvement in the p-scores of Branch 2 students. As discussed earlier, the other two branches of Public B demonstrated large increases in the use of Stage 4 Conventional reasoning ability (refer Table 7.7). The Public B syllabus places significant emphasis on teaching moral precepts from an Islamic perspective, which may account for the significant improvements in ethical sensitivity and Stage 4 reasoning ability. Based on these observations, it is evident that diverse content of ethics courses affects what information is delivered and consequently affects the ethical sensitivity and judgement making ability of students in different ways.

7.4.3 Expertise

In addition to the survey of ethics lecturers (refer Appendix 7.1), informal discussions were conducted. Two lecturers from Public B, Branch 1 and Private D agreed to discuss their ethics classes in some detail. In summary, they expressed high levels of enthusiasm, concern for the next generation of accountants, a commitment to teaching and a particular interest in ethics.

The Public B, Branch 1 lecturer talked enthusiastically about the business ethics course and her expectations of students. She shared a number of positive aspects of her work, including reflections sent to the students relating to and assessments that she makes for every member of her ethics class. The Private D ethics lecturer raised personal concerns about moral issues facing the accounting profession and passionately explained how she believed students can be guided to think and act ethically. This lecturer believes that both a dedicated ethics course as well as embedded ethics components in other units of study may assist the next generation of accountants in handling ethical dilemmas. The ethics classes that these lecturers (Public B and Private D) conducted have resulted in significant improvements in their students' ethical sensitivity and ethical judgement making ability respectively. High levels of enthusiasm combined with innovative delivery processes may be factors contributing to success in these cases. As Murray (1997:193) asserts: "the impact of teacher enthusiasm extends to impact outcomes such as students' attributions". Discussions with the other four lecturers were not particularly enlightening in that they were not inclined to discuss their teaching processes in any detail. All lecturers were Muslims, except for Private D.

However when focusing on the effect of expertise on ethical sensitivity, results in Table 7.5 show that there is no difference between lecturers from Accounting or Management backgrounds. In other words, whether the lecturer is from the Accounting (for example Private D) or Management (for example Private E) background, the effects on sensitivity are not significant. Despite the differences in lecturers' teaching ethics experience, there seems to be no difference in the

results of sensitivity and p-scores between the universities and it is concluded that expertise in itself did not contribute to ethical development.

The expertise of the contributing lecturers is summarised in Table 7.3. Most reported teaching experience in accounting and ethics, and the average period spent teaching the latter is six semesters. Only lecturers from Private D and Public A had experience in the accounting industry as chartered accountants with Private D lecturer has substantially experienced in industry and working abroad giving that lecturer a broader perspective of ethical issues. Noted improvements in moral development were fragmented, in that only Public B students demonstrated significant improvements in sensitivity. However, the expertise of lecturer Private D, represented by a high level of commitment and interest in her work, together with industry experience, may have had an effect on the improvements in judgement making ability identified for that institution.

7.4.4 Process

An examination of the information provided in Table 7.3 cannot clearly identify any distinctive process criterion that may contribute to the effectiveness of an ethics course. For example, Private D employs almost similar processes with other universities but produced significant improvements in the level of ethical judgement making ability among its students. Different methods of engaging students in ethical scenarios, such as role play used by Public B may be an indicator of the significant improvement in students' level of ethical sensitivity for that university. It is also found that the different delivery processes make no identifiable impact on ethical sensitivity. Although Public B conducts role plays and Branch 1 of Public B encourages its students to maintain personal journals that may assist in the improvement of ethical sensitivity, it is only one of the five elements of the process construct, thus producing a specious link between process of delivery and ethical development.

The above sections report that the effectiveness of an ethics course in improving students' ethical sensitivity and judgement making ability is contingent on the way they are managed and this is reflected in the objective and content of the course,

as well as the enthusiasm and energies of some lecturers. The implications of these findings will be further discussed in Chapter 8.

Previously in Section 5.8.2 of Chapter 5, it was concluded that the ethical sensitivity of Malaysian accounting students has declined following involvement in practical training. In contrast, it is found in Section 6.4.2 of Chapter 6 that the ethical judgement making ability of Malaysian accounting students undertaking practical training improved significantly. The following section reports student perceptions about how the ethics course was beneficial in helping them deal with ethical dilemmas and recounts some of the issues faced during practical training. It is hoped that this qualitative feedback on ethics-related experience during training will provide some additional insights into why the outcomes reported in Chapters 5 and 6 (decline in sensitivity and improvements in judgement making ability) occurred.

7.5 Evaluation on students' ethical experience during practical training

At the end of the accounting program, students are required to undertake 24 weeks of practical experience, preferably in accounting or accounting-related organisations. Some universities place practical training at the seventh of the eight semesters while others position the training in the final semester. In this study, an attempt is made to investigate the effect of ethics course and practical training which is part of the accounting education program. The stand-alone ethics course is designed to improve ethical development and this study demonstrates that whereas ethical awareness improves significantly as a result of this intervention, across the board improvements in principled reasoning ability are not evident. However, exposure to 24 weeks of practical training after completing an ethics course does appear to improve cognitive moral development as seen by the significant increases in judgment making ability (which is measured by the p-scores) following third phase evaluations (refer Table 6.15). An understanding of the processes and activities associated with practical training

together with feedback from students involved in the process could provide useful insights as to why improvements in judgement making ability were observed.

During the training, two supervisors are assigned to each student, one from the university and one from the training organisation. Students are assessed by both supervisors but will be given a pass or fail grade, which carries at least two credit hours. Students are required to maintain a log book that describes his or her experiences throughout the training. The log book and reports from supervisors are vital in determining the passing grade of a student. Past studies investigating the benefit of practical training suggested that the experience helps to develop soft skills such as communication (Tan, Wee, and Ismail 2007) and marketability upon graduating (Teed and Bhattacharya 2002). Students are also found to be more mature in their outlook after being exposed to real tasks and involved with different levels of business personnel (Cook, Parker, and Pettijohn 2004). In general, universities involved in this study include practical training as a medium for bridging theory and practice, for students to gain experience, exposing them to the real working environment particularly in accounting and auditing, and developing soft skills. In the context of this study, training experience is expected to provide the students with stimulating experiences that will offer an “exposure to persons of mature moral thinking”, which may affect students’ moral development (Rest et al. 1999b: 125). Students have many opportunities to interact, do business with and work with supervisors, colleagues, clients and the community. Importantly, practical training offers opportunities for exposure to a variety of moral issues and dilemmas.

A total of 130 accounting students from the sample survey underwent practical training and answered the third phase of the study (these students however did not necessarily participate in all three phases of the data collection process). These students come from the six sample universities, four from the experiment group and two from the control group. In the third phase of the survey (refer Appendix 1.4, Section D, question 4), students were asked to recount their perceptions of their experiences in relation to ethical development and the results are summarised in Table 7.8. Using a seven-point scale from ‘Not beneficial’ (1) to ‘Greatly beneficial’ (7), students strongly affirmed that practical training made

them aware of ethical dilemmas in the workplace (mean 6.19). However, the result of mean sensitivity among students who previously attended ethics course and underwent practical training does not support the statement. Ethical sensitivity levels for this group actually declined slightly though not significantly, after the training (refer Table 5.25).

In addition, students also asserted that practical training experience improved their ability to make judgements about what is right or wrong (mean of 6.07 out of 7). During their practical training, one third disclosed that they were actually confronted with ethical dilemmas while one-half assert that sometimes they were (refer Table 7.8).

Table 7.8: Student perceptions on practical training experience (n=156)

	True %	Some times True %	Not true %
During my training experience, I was confronted with ethical dilemmas.	32.1	54.5	13.5
During my training experience I personally dealt with ethical dilemmas.	25.0	63.5	11.5
During my training experience I referred to others to resolve ethical dilemmas.	41.0	47.5	11.5
My exposure to an ethics course (or ethical exposure integrated in courses) at university helped me deal with ethical dilemmas during practical training by making me:			
(a) more aware of the ethical situation(s).	52.6	40.4	7.1
(b) more confident in making a correct decision.	51.3	41.0	7.7

Among those who were challenged by ethical dilemmas, a quarter had dealt with them personally, while 41% referred to others to resolve ethical dilemmas. Half of the students claimed that exposure to an ethics course (or ethical exposure integrated in courses) at university helped them deal with ethical dilemmas during practical training by making them more aware of the ethical situation(s) and enabling them to improve their confidence in making a correct decision.

An open ended section in the third phase survey allowed the students to discuss or comment on their ethics-related experiences during training. Fifty nine students

shared their experiences and how they overcame or resolved ethical challenges. In general, responses show that students were most often confronted with dilemmas when dealing with clients, supervisor and staff (or colleague). More than half discussed how they tackled the problems.

Responses show that the majority faced ethical dilemmas when dealing with clients. The type of ethical challenges involving clients can be divided into three areas:

1. *Clients' fraudulent act/intent*: modify accounts, adjust expenses accounts for tax purposes, did not comply with accounting principles.
2. *Client co-operation*: hide the truth, failure or reticence to supply supporting documents.
3. *Client behaviour*: gift giving, offers to host lunch.

Almost one-half (25) of the students experienced similar ethical challenges with respect to clients' fraudulent acts/intentions. Students reported that they were asked by clients to modify the accounts by recording certain transactions in suitable accounts or adjusting expenses to reduce income for tax purposes and to improve the appearance of financial statements. They state that "... client wanted me to change some of information to show they have good financial position" (Student S23), "Adjust the expenses to reduce the income, reduce tax payment, etc" (Student S49) and "manipulate client's performance especially in term of current year's profit" (Student S12).

Seven students, who focussed only on book keeping, revealed that there were clients who intentionally failed to comply with accounting principles and wanted to include personal expenses in the accounts. Students asserted that clients were aware of the legal requirements but ignored them. Some students confronted the clients but often had to refer the matter to supervisors. Others immediately consulted their supervisors in order to deal with the dilemmas. Supervisors provided mixed advice with some asking the student to make notes to notify the audit department and two supervisors directed the students to fulfil client demands, ignoring the student's desire to find a legal or morally correct solution. One supervisor directed a student to change the accounts test sample in order to

avoid the problem. There were also supervisors who took over contentious cases and the students were not made aware of the eventual outcomes.

On top of ethical problems with clients' fraudulent acts/intentions, students also reported that they had difficulty gaining co-operation from clients. Twelve students claimed that clients appeared to hide facts regarding their accounts, for example by not recording large amounts, while others wanted what they considered immaterial issues to be ignored altogether. Some clients failed to provide supporting documents when requested. In most instances, students had to hand over to the supervisor to resolve the problems as one student stated, "Our client does not give any supporting documents to do the book keeping on the account for the company" (Students S24).

Another ten students claimed that they faced dilemmas involving issues of independence. They were often offered lunch or gifts by the clients although aware that accepting an offer violated their independence. The practice however is commonplace among supervisors and other colleagues and accepted as customary. One student reported dealing with his uncle's accounts and was aware that it involved a conflict of interest, but did not know how to solve the dilemma.

Other students experienced ethical dilemmas relating to whistle blowing involving colleagues' actions. Four students asserted that they were confident that other staff or colleagues were not doing the ethical or right thing while performing their duties but felt pressured to keep silent for their survival during the practical training. There were a couple of students who reported that their supervisor asked them to modify the accounts without explaining the purpose. Students admitted obeying the direction asserting that the management then pretended that no adjustment had been made. Students also raised other ethical issues such as ethnic discrimination in the process of allocating duties and misuse of power by top management, but did not provide details on the issues.

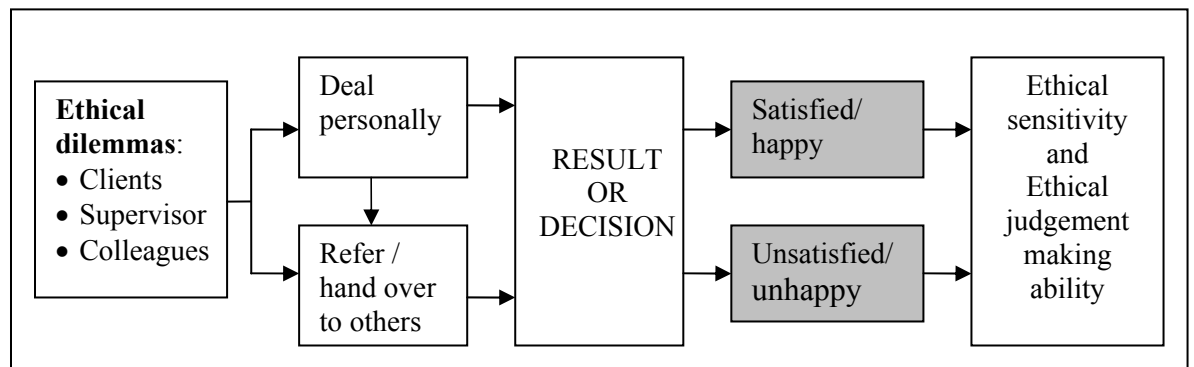
From the responses obtained through the survey, it is apparent that certain patterns of action occurred involving ethical dilemmas faced during practical training. Figure 7.2 illustrates that students in this study were confronted with

ethical dilemmas that involved situations with the clients, supervisors and colleagues. Having to deal with these dilemmas, some students attempted to solve the dilemmas personally, but when difficulties were encountered, they would refer or hand over the problems to their supervisors. Other students chose to let the supervisors handle any ethical dilemmas that arose. This is because students were concerned about their assessment and would not risk failing the unit as one stated "... I am only practical trainee while ... I am afraid if I say something, my assessment will be affected" (Student S15).

From the above discussion, it appears that students' ethical experience during practical training may have encouraged them to broaden their moral view and acceptance of principled reasoning processes, to which they were exposed during the ethics course. Interactions with a network of people including employers, colleagues and clients have exposed the students to various ethical dilemmas and challenges. Ethics related experiences may have made the students recall what they have learned prior to the practical training and transfer the information to the situation they were facing while undergoing practical training. When faced with complex dilemmas that do not easily fit what a Code of Conduct requires, students are left to make ethical judgements that require higher reasoning ability (including the need to address negative motivational urges like those expressed earlier). In this study, frequent exposure to these kinds of workplace issues has resulted in higher p-scores following completion of the third phase DIT. At the same time, practical training experience has not materially affected levels of ethical sensitivity.

Although most students provided information about the outcome of the dilemmas, it could not be determined whether they were happy or satisfied with the outcomes. It would be interesting to examine students' reactions to the outcomes and whether this related to increased ethical sensitivity and ethical judgement making ability. The possibility of testing this is illustrated in the shaded areas of Figure 7.2 and whilst not covered in this study it is a recommendation for future research.

Figure 7.2: The path of ethical experience during practical training



7.6 Summary

The first part of this chapter has illustrated that the sample ethics classes in four universities have different ways of teaching ethics resulting in different levels of improvement in students' ethical sensitivity and ethical judgement making ability.

Table 7.9 summarises these findings.

Table 7.9: Summary of findings describing the emphasis or features of effective ethics course constructs on ethical sensitivity and judgement making ability

Construct	Emphasis/Features	Effect on ES	Effect on EJMA
Objective	<ul style="list-style-type: none"> Alert students to ethical issues Teach them the black and white of business ethics 	Significant improvement	
	<ul style="list-style-type: none"> Justify the error of certain acts Reasoning behind any action Applying ethical theories, concepts and philosophies when resolving ethical dilemmas 		Significant improvement
Content	<ul style="list-style-type: none"> Codes of ethics and corporate governance Precepts from an Islamic view 	Significant improvement	Significant improvement (in Stage 4 reasoning)
	<ul style="list-style-type: none"> Substantial portion to the discussion of ethical theories and concepts 		Significant improvement
Expertise	<ul style="list-style-type: none"> Experience and expertise High levels of commitment Enthusiasm and interest in teaching ethics Innovative delivery processes 	Significant improvement	Significant improvement

Legend: ES – ethical sensitivity, EJMA – ethical judgement making ability

An ethics course that aims to alert and teach students about ethical issues can significantly improve their ethical sensitivity while teaching students to justify and reason their actions may improve their judgement making ability. For course content it appears that making students aware of ethical issues improves ethical sensitivity whereas the use of theoretical concepts and teaching students how to apply reasoning abilities will significantly improve their judgement making ability. An experienced ethics lecturer (or expertise) with optimistic characteristics, for example, enthusiastic and high level of commitment, is able to elevate students' ethical processes. Thus this study concludes that the way an ethics course is taught will influence ethical sensitivity and ethical judgement making ability of accounting students.

The second part of the chapter reported the responses from students with regards to their ethical experience during practical training. Students reported various ethical related experiences, which mainly suggest that practical training provides exposure to ethical dilemmas and challenges when they interact with the society including clients, colleagues and employers. Students experienced and were aware of unethical issues but were concerned about their assessment and would not risk failing the unit. Interactions and observation consequently affected reasoning processes and resulted in significant improvements in cognitive moral development as measured by third phase DIT surveys. The connections between the effect of ethics syllabi and students' practical training experience on ethical sensitivity and judgement making ability will be further discussed in the next chapter.

The final Chapter 8 will draw together the results of tests of hypotheses addressed in Chapters 5, 6 and 7 and discuss their implications in relation to the major issue affecting Malaysian accounting students, which concerns the determination of a suitable education program that considers the moral development needs of the next generation of accountants.

Chapter 8: Discussion of Findings and Conclusions

“Accounting as a critical segment needs to be enhanced and universities as the cradle of future accountants are a key piece of the puzzle.”

*~ Nik Mohd Hasyudeen Yusoff, President
of Malaysian Institute of Accountants 2008*

8.0 Introduction

This chapter summarises the study undertaken (Section 8.1). The findings are reviewed and discussed in Section 8.2, explaining their relation to the theories and key literature examined in Chapters 2 and 3. Section 8.3 reflects on the implications of this research and draws conclusions while Section 8.4 addresses the limitations of this study and proposes the direction for future research. Section 8.5 concludes by reflecting on the overall outcomes of this study.

Generally, the findings of this study support the extant literature on the effects of an ethics course showing significant improvement on students' ethical sensitivity and judgement making ability. Students' level of ethical judgement making ability continued to improve after students undertook practical training. Interestingly there was a decline in students' ethical sensitivity following the training, however, the qualitative responses from students' on their training program highlight they were exposed to and had a high awareness to a variety of ethical issues. This distinctive finding contributes greatly to extant literature. Particularly this study differs from other research in that it looks at the longitudinal effects of a moral education program (MEP) consisting of an ethics course and practical training and the effects on the constructs of ethical sensitivity and judgement making ability. After a general overview of the findings, specific findings are examined and discussed in detail.

8.1 Overview of the study

This longitudinal study was conducted to investigate two moral cognitive processes, ethical sensitivity and judgement making ability of Malaysian future accountants. Using an experiment and control group, the objectives of the three phase study were to examine whether accounting students' ethicality would improve after undertaking an education program consisting of an ethics course and practical training or whether one of the two interventions would independently influence their sensitivity and judgement making ability. Chapter 1 introduced the study and outlined the approach to be taken. Chapter 2 discussed the underlying theories on ethics and education, concluding that personal traits, education and socialisation are important elements in influencing one's ethical sensitivity and judgement making ability. This evidence assisted in developing the hypotheses in Chapter 3 where past studies on the effects of an ethics course (education) and practical training (socialisation) were reviewed, and literature that investigated the effects of other influencing personal factors (religious affiliation and faith maturity) and academic factors (type of institution and academic performance), were examined. Based on the literature review, six main hypotheses were developed in achieving the objectives of the study (refer Table 8.1) as well as ten sub-hypotheses that examined the impact of other influencing factors on students' ethicality. In testing the hypotheses, both quantitative and qualitative methods associated with this longitudinal study were used and these were detailed in Chapter 4. Questionnaires to students (in three phases) and ethics lecturers (pre ethics course phase) were distributed and ethics syllabi were collected and examined. Chapters 5 and 6 reported the findings on ethical sensitivity and judgement making ability respectively while Chapter 7 reported the findings of the application of an ethics course and qualitative feedback from students' practical training experience.

8.2 Discussion of findings and conclusions

Table 8.1 summarises the outcomes of tests associated with the hypotheses developed in Chapter 3 and analysed in Chapters 5, 6 and 7. Of the hypotheses tested in this study only two were rejected with the results showing that faith

maturity does not explain the improvement in students' judgement making abilities ($H_{2.2}$) and that practical training does not improve ethical sensitivity (H_3).

Table 8.1: Results of hypotheses

Hypothesis	Accept	Reject	Chapter Sections
Effects on ethical sensitivity:			
H ₁ : An ethics course will improve Malaysian accounting students' ethical sensitivity.	√		5.7
H _{1.1} : Improvements in ethical sensitivity are explained by different religious affiliations.	√		5.7.1
H _{1.2} : Improvements in ethical sensitivity are explained by different types of faith maturity.	√		5.7.2
H _{1.3} : Improvements in ethical sensitivity are explained by different type of institution.	√		5.7.3
H _{1.4} : Improvements in ethical sensitivity are explained by different levels of academic performance.	√		5.7.4
H _{1.5} : The way an ethics course is taught will influence the ethical sensitivity of Malaysian accounting students.	√		7.3
Effects on ethical judgement making ability:			
H ₂ : An ethics course will improve Malaysian accounting students' ethical judgement making ability.	√		6.3
H _{2.1} : Improvements in ethical judgement making ability are explained by different religious affiliations.	√		6.3.1
H _{2.2} : Improvements in ethical judgement making ability are explained by different types of faith maturity.		√	6.3.1
H _{2.3} : Improvements in ethical judgement making ability are explained by different type of institution.	√		6.3.2
H _{2.4} : Improvements in ethical judgement making ability are explained by different levels of academic performance.	√		6.3.2
H _{2.5} : The way ethics course is taught will influence the ethical judgement making ability of Malaysian accounting students.	√		7.3
H ₃ : Practical training will improve Malaysian accounting students' ethical sensitivity.		√	5.8.2
H ₄ : Practical training will improve Malaysian accounting students' ethical judgement making ability.	√		6.4.2
H ₅ : A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical sensitivity.	√		5.9
H ₆ : A moral education program including an ethics course and practical training will improve Malaysian accounting students' ethical judgement making ability.	√		6.5

In general, it was found that an ethics course significantly increased the level of ethical sensitivity and judgement making ability of Malaysian accounting students. Practical training appears to significantly improve students' ethical judgement making ability but not ethical sensitivity. The combined effect of the MEP proved to play a crucial role in the ethical development of accounting students studying at Malaysian universities indicating that the structure of the accounting program which places an ethics course and practical training sequentially is reasonable and should continue. The analysis in Chapter 7 also revealed that the way ethics education is taught at universities will affect students' improvement in awareness and reasoning ability.

8.2.1 Ethics course intervention: effects on ethical processes

The following sub-sections discuss findings on the impact of an ethics course intervention on ethical sensitivity and judgement making ability, followed by a discussion on the personal and academic factors (religious affiliation, faith maturity, type of institution and academic performance) influencing the development of ethical processes.

Ethical sensitivity

As discussed in Section 2.3, it is necessary for a person to be able to recognize and be aware of the moral content in any given situation, thus ethical sensitivity in Rest's (1984) four component model of ethical behaviour was investigated. Based on prior studies which employed Longenecker's business-related ethical scenarios instrument to measure ethical sensitivity, results show that before attending an ethics course, Malaysian students' demonstrated lower ethical sensitivity compared to American students and practitioners (Wood et al. 1988; Emerson and Conroy 2004; Emerson, Conroy, and Stanley 2007).

Most of the ethical scenarios measuring sensitivity involve actions that impact on organisations and colleagues. As highlighted in Section 2.2 of Chapter 2, Asians, including Malaysians, are generally considered to have a collective culture (Hofstede 2001; MacNab et al. 2007) who strongly bond in a group that protects each other. For example, although individuals may consider gender

discrimination to be unethical, as a collective culture they would be inclined to accept the situation instead of disrupting the harmony of the wider population. As a result, their lower sensitivity measure reflects they are more concerned about the impact of their decisions on the collective society than on individual standards and needs.

The inclusion of an ethics course resulted in a significant improvement in the average level of ethical sensitivity compared to those students who did not undertake a course (H_1 accepted). This result is consistent with the findings of other studies (Gautschi and Jones 1998; Weber and Glyptis 2000; Wu 2003). In the Malaysian context, the finding is consistent with a pre and post study by Mohamad and O'Leary (2008) concluding that an ethics course can improve ethical awareness of Malaysian accounting students. The ethical sensitivity of students in this study improved in all scenarios but significantly in issues relating to business, particularly on bribing a foreign official, unscrupulous marketing strategy and insider trading. This is attributable to the content of the ethics courses in the sample universities which focus on issues surrounding business and corporate governance (refer ethics course syllabi, Appendix 1.6).

To further explain the improvements, an analysis of the constructs of ethical sensitivity was also examined. In the post ethics course, factor analysis was used and three ethical constructs were identified: *Serious legal and reportable issues*, *Perceived inoffensive scenarios* and *Profit motive scenarios* (refer Section 5.7 for details). It appears that sample Malaysian students in this study were significantly sensitive to matters relating to *Serious legal and reportable issues*. As suggested in Chapter 5 and supported by the examination of the course syllabi in Chapter 7, the high awareness of issues in this construct are due to the course content where legal and reportable issues are discussed and emphasised. For example, environmental pollution is covered in the ethics course syllabi in Public A and Private E, and bribery and cronyism are discussed in the course of Public B and Private E (refer Appendix 1.6). The relatively high levels of sensitivity may also reflect a concern of Muslim students (making up the majority of the sample), whose religious teachings emphasise the wrong and dishonour associated with

criminal practices. The impact of religious teachings is examined further under Religious Affiliation.

Situational ethics may also play a part in the different emphasis on sensitivity constructs found in this study. The collective Malaysian culture is again related as students are more likely to attribute their actions to situations that support their community or organisation and colleagues (Hofstede 2001; MacNab et al. 2007). For example, in the *Serious legal and reportable issues* construct students understand that unethical actions have a direct negative impact on others such as exceeding the legal pollution limits which affects the health of the larger population.

While students demonstrate a lesser concern for *Perceived inoffensive scenarios* and *Profit motive scenarios* constructs, post ethics course results show they have become more significantly sensitised to these issues. This result emphasises that the students' ethical awareness have improved substantially and supports the effectiveness of the ethics course. The increased sensitivity could be a function of the students' exposure to discussions relating to the economic harm resulting from unethical business practices with a greater appreciation for what were previously perceived to be 'acceptable' malpractices.

The education program identified in this study not only sensitises students, but amplifies what Trevino (1986: 610) refers to as "an interaction between the individual and the situation". In other words, the individuals who are inclined to use situational influences operate at the Conventional level of reasoning as they refer to group norms to make decisions in given situations (Trevino 1986). These comments appear to support the finding in this study (discussed in the following sub-section) that improvements in sensitivity correlate with the improvements in the application of Conventional processes of moral reasoning as advocated by Kohlberg (1984).

Students in the Control group deteriorated in their level of ethical sensitivity in nine of the sixteen scenarios included in the survey questionnaire, with three scenarios showing a significant decline. These scenarios appear to be ethically

ambiguous indicating that students who are not taught or exposed to ethics training may not be able to differentiate between what is ethically wrong or right in a business-related setting. This strengthens the proposal that an ethics education should be provided to accounting students at the tertiary level to prepare them for real world experiences.

Ethical judgement making ability

In Section 2.2, Kohlberg's theory of moral development was discussed, which Rest (1986) applied in the development of the Defining Issues Test (DIT). Kohlberg identified a Post Conventional level of moral judgement making ability, which he believed individuals should aim to achieve when dealing with complex ethical dilemmas. Rest developed the concept of a p-score, which could be used to measure the extent to which individuals applied Post Conventional reasoning. This index was applied in this study to determine the extent to which Malaysian students used higher level reasoning skills (refer Table 6.1). It was hypothesized (H₂) that p-scores would improve significantly when students completed an ethics course (refer Section 3.1).

In analyzing the development of moral judgement making ability, it appears that before any intervention took place, Malaysian accounting students included in the sample were more inclined to apply Kohlberg's Conventional level (that is Stage 4) reasoning processes (refer Section 2.2 for details). This is supported by prior research which has found that accountants' p-scores reflect a greater percentage of Stage 4 responses (Armstrong 1987; Ponemon and Glazer 1990) and this group are classified into the Conventional level of moral development in which one is concerned with gaining peer approval in justifying an ethical action (Patterson 2001). As the respondents in this study are accounting students, and "accounting is a field that is governed by written rules of conduct and principles..." (Ozdogan and Eser 2007: 95) it is not unreasonable to expect that students would have a tendency to use Stage 4 reasoning. There is also substantial evidence within Asian communities, particularly involving Muslim respondents, that Stage 4 reasoning is commonly used in making ethical decisions (Al-Ansari 2002; Al-Shehab 2002).

Within the boundaries of the tests conducted and reported in Section 6.3 it is argued that the ethics courses provided during the accounting program in Malaysian universities are effective overall, in that they improved students' level of judgement making ability compared to those who did not complete a course (H_2 accepted). This result is consistent with the findings of prior studies (for example, Ponemon 1993; Burks 2006; Dellaportas 2006). The control group subjects displayed no significant improvement in p-scores. Again, this outcome was established in other studies involving a control group (LaGrone, Welton, and Davis 1996; Weber and Glyptis 2000). In other words, students who are not exposed to the knowledge and exercise of making ethical judgement will not perform well in the measuring of principled reasoning.

The main contributing factors to the positive improvement in ethical reasoning are course content focusing on case studies and theoretical discussions, and personal and academic factors. These influencing factors and their implications are considered later in this Chapter.

8.2.2 Ethics course intervention: other influencing factors

Improvements in the overall means of sensitivity and judgement making ability can also be explained by the differences in religious affiliation, faith maturity, type of institution and academic performance. The demographics are highly correlated in that Muslims in this study predominate within public universities, while most students of other religions (or non-Muslims, for example, Buddhists, Hindus and Christians) enrol in the privates. Muslim students in this study generally perform moderately academically (*good* and *average* category of academic performance, refer Appendix 5.4) while the non-Muslims are generally in the *excellent* group.

Religious affiliation

Results indicate that the ethics course intervention significantly improved the ethical sensitivity of Muslim students compared to other religious groups ($H_{1.1}$ accepted). As highlighted previously, Muslim students' sensitivity improved for *Serious and reportable offences*, while the sample as a whole showed

improvements in sensitivity with respect to the other two constructs, which are equally important in the conduct of business. The improved sensitivity of Muslim students can be attributed to their religious upbringing. From the day they are born, Muslims follow two primary sources of Islamic teaching; the *Quran* and *Sunnah (or Hadith)*. Muslims accept the *Quran* as the verbatim word of Allah or God, conveyed by Prophet Muhammad while *Sunnah* and *Hadith* means words, actions and approvals of the Prophet Muhammad. As Islam is a way of life based on the *Quran* and *Hadith*, Muslims are very dutiful (Beekun and Badawi 2005). When Muslim students are taught good and bad, and right from wrong, they are inclined to transfer this knowledge to other aspects of their life. Therefore in an accounting and business environment students are inclined to accept readily what is being taught and to recognise similar issues going forward. Thus, a course in ethics and religious backgrounds with a strong focus on *Serious legal and reportable issues* will allow a degree of insensitivity towards other issues such as *Profit motive scenarios*.

In contrast, students in Other religions (for example, Christians and Hindus), demonstrated significantly increased judgement making ability compared to their Muslim counterparts, resulting in H_{2,1} being accepted. Students in this group may be more prepared to embrace the humanistic elements associated with Stage 5 and 6 reasoning. For example, in Christianity, moral standards are strongly represented throughout the Bible, however Christians (whose salvation depends on God's redeeming grace) have a degree of freedom to choose to do the will of God or not in making judgements about what is right and wrong (Burnett 1990). In this manner, there is an opportunity to separate what is sacred from what is secular or worldly. Put another way, "mankind was not created to live under legalistic, totalitarian rule, nor under a state of total freedom with no guidelines except those of subjective feelings" (Burnett 1990: 218). In contrast Muslim students choose Stage 4 reasoning items that emphasise fairness to others and justice for society as they are strongly influenced by the norms associated with their society and religion. This finding is supported by substantial evidence within Asian communities, particularly involving Muslim respondents, that Stage 4 reasoning is commonly used in making ethical decisions (Al-Ansari 2002; Al-Shehab 2002).

Faith maturity

Faith maturity is also found to be a contributing factor to the improvement in levels of ethical sensitivity (H_{1.2} accepted). This demographic variable was included as a way of differentiating students who displayed varying states of religious commitment, which are not necessarily connected to their religious affiliation. This study used a slightly modified version of the faith maturity scale developed by Benson et al. (1993), and this prevents any direct comparison with results of other studies that have used the original maturity scale. The results of this study show that students professing greater levels of spirituality (Vertical) improved in their level of ethical sensitivity and are likely to be more sensitive to offences involving *Serious legal and reportable issues*. The stronger influence of Vertical faith maturity appears to conform to what Beekun and Badawi (2005) reflect about people who love God and who seek God's blessings in order to live well in this life and the life hereafter. It is not unexpected therefore that many Muslim students reflect high Vertical faith maturity and this may explain the connection between the variables of religious affiliation and faith maturity. Improvements in sensitivity were not shown to be connected with the Horizontal (concern for society) construct of faith maturity. Whether these outcomes reflect a greater concern for spiritual aspirations compared to worldly considerations is conjectural and deserves further investigation.

Neither the Vertical or Horizontal faith maturity constructs registered as elements in explaining improvements in judgment making ability resulting in H_{2.2} being rejected. As the majority of students in the sample are Muslim, it might be expected that Vertical faith might also influence judgement making ability. However as Rest et al.(1999b) asserts:

If orthodox religious teachings emphasise that moral authority that is transcendent, supernatural, and beyond attempts at human understanding – and that it is improper and sinful to question, critique or scrutinize its authority-then orthodoxy may reinforce itself, making difficult movement out of orthodoxy. Over time the orthodox person may

become increasingly oriented to Stage 4, rejecting developmentally lower and higher forms of moral thinking (Rest et al. 1999b: 121).

In other words, if students are more oriented to Stage 4 reasoning then they might lean toward Horizontal faith maturity. In addition, the majority of the DIT scenarios are socially oriented and this would further strengthen a leaning toward Horizontal faith. However, given that Muslim students are strong in both their faith and belief in God and have a strong orientation to serving the collective society it appears that the two constructs counter each other in terms of students' reasoning ability.

Type of institution

An ethics course intervention also produced results that show students in public universities demonstrated significant improvements in ethical sensitivity compared to private universities ($H_{1.3}$ accepted). In a Malaysian context, the findings from this study are not unexpected as it was mandated in 2001 that all public universities incorporate a separate business ethics course into their programs while it remains voluntary for private universities. One explanation is that the more established courses provided by public universities are effective, resulting in greater improvement in sensitivity among its students. A second and more compelling explanation is that course content is more rule based in public universities than in private universities. As Muslim students dominate the public university sample and are more inclined to learn from rule based teachings, it is not unreasonable to expect their sensitivity levels to improve more than Other religious groupings. This latter explanation is also supported by the finding that students' from the private universities showed significant improvement in ethical judgement making ability resulting in $H_{2.3}$ being accepted. The content of the ethics course in Private D substantially explains the results as the focus of the course is on ethical theories and frameworks. This focus allows students to have better reasoning abilities in ethical dilemmas that are not simply rule based.

Academic performance

Paired t-tests of academic groupings (based on Cumulative Grade Point Average or CGPA scores) indicated that group membership (*excellent, good, average and*

low) had a significant impact on improvements in ethical sensitivity. Students grouped as *average* to *good* improved most significantly compared to the *excellent* and *low* CGPA groups ($H_{1.4}$, refer Table 5.23). The *average* to *good* student group achieved high sensitivity levels, approaching that already attained by the *excellent* group of students. Higher achievers appear to be more ethically sensitive, but *average* to *good* academic achievers gained most from an ethics course. It is not unreasonable to argue that higher achievers may have ‘less’ improvement than good to average students as their base level is higher in the first place. Therefore, logically, the *good* and *average* students’ significant improvement stems from their lower base, with more scope for improvement.

The *excellent* achievers also demonstrated significant improvements in moral judgement making ability following completion of an ethics course. High academic achievers not only obtained the most benefit out of completing an ethics course, but achieved significantly greater p-scores than members of the other three groupings. These outcomes conform to the literature connecting academic achievement with high principled reasoning ability (Kohlberg 1984; Rest et al. 1999b). As depicted in Appendix 5.4, it can be shown that the *excellent* achievers are predominantly non-Muslim who perform better academically than the Muslims in the context of this study. This result is similar to the findings of Keshavarz and Baharudin (2009), on Malaysia, which found that Chinese and Indian students (who form the Other religion group) obtained a better academic status than the Malay (who are mainly Muslims) as the former have a culture which stresses high academic achievement.

Another significant finding related to the measurement of judgement making ability is the use of the N2 Index (refer Section 4.2.1.2.3), which identified no significant differences compared to the use of p-scores. In other words, using N2 does not improve the measurement of DIT and testing the hypothesis (refer Section 6.3). Generally, Malaysian students primarily use the Stage 4 reasoning, which re-emphasises that the two types of scores in measuring ethical judgement are inclined to work similarly when university samples are used (Thoma 2006). Although this result is conclusive in this study, it is considered that further research could test the hypothesis that the N2 Index does not improve the

measurement of DIT for university students or collective societies such as Malaysia.

8.2.3 Ethics course intervention: teaching constructs in different universities

Analysis in Chapter 7 established that the way an ethics course is taught in different universities results in different impacts on students' ethical sensitivity and judgement making ability ($H_{1.5}$ and $H_{2.5}$ accepted; Tables 7.5 and 7.6 refer). Levels of sensitivity improved significantly for Public B, Branch 1 and moral judgement making ability improved for Private D. The different impact is due to the focus of Public B ethics syllabi on exposure to ethical issues which elevates ethical sensitivity and relates to course objectives and content, while Public D emphasises moral concepts and philosophy which acts to stimulate ethical thinking and improve judgement making ability. This is consistent with Sims (2002) assertion that well-focused objectives will help students understand what they are expected to achieve from the course.

The expertise of an ethics lecturer is also found to have an effect on the effectiveness of an ethics course. The improved result for Public B, Branch 1 is arguably attributed to the lecturer being heavily involved in the development of the ethics syllabus implemented in public universities while the Private D lecturer has substantial experience in industry both in Malaysia and Western countries giving that lecturer a broader socialisation and perspective of ethical issues. The specialised knowledge and broader experience of these lecturers has resulted in the delivery of an effective course as indicated by the improvements in ethical sensitivity and ethical judgement making ability (Section 7.2.4).

Issues relating to process, discussed in Section 7.2.5 suggest that these have no significant effect on sensitivity or judgement making ability although the level of development varies between universities (refer Tables 7.5 and 7.6). Process involves the approach taken, material used, assessment employed, number of students and contact hours per semester. Analysis shows the universities in this study adopt similar processes with all sample ethics classes using materials from a

main text book and employing case studies on accounting and management issues. Therefore the process of teaching an ethics course cannot clearly identify any distinctive process criterion that may contribute to the effectiveness of an ethics course.

8.2.4 Practical training intervention: effects on ethical processes

During practical training, students interact with society. Freire asserts that society can have a strong impact and it is able to shape “education according to the interest of those who have power” (Shor and Freire 1987:35-36). This seems to be consistent with the findings of this study because students indicated that they encountered morally challenging experiences, particularly with clients, during training. However, some students did not have the courage to speak to their supervisors but preferred to follow instructions which in many instances contradicted their ethical values including those learned during the ethics class. By their own admission, students evaluated the immediate effect on their assessment as a trainee if they questioned the unethical conduct. Students feared that whistle blowing may result in a sanction in terms of a low assessment on their training report and it is likely that this had an impact on the findings on ethical development discussed in the following sections.

Ethical sensitivity

The Phase 3 test of student sensitivity, conducted after practical training was completed, showed no significant change in ethical sensitivity (H_3 rejected, refer Table 5.25) with the level slightly declining. The finding that interaction with society during practical training did not enable students to improve their sensitivity in respect to moral business issues can be explained in relation to three theoretical frameworks.

First, it can be related to the role taking process (Hoffman 2000) of ethical sensitivity examined in Section 2.3. It may be easier to adopt the role taking concept upon completion of an ethics course where students have not faced the reality of business scenarios, and can only imagine and project themselves in an ideal situation. Moreover, in an ethics course, students are exposed to ethical

dilemmas faced by others (rather than themselves) and are inclined to accept them (rote learn) without considering the personal implications (Bishop 1992). In contrast, practical training will present students with ethical situations that are real and personalised. Therefore “it is not surprising that whatever learning does takes place is lost in the transfer to the work environment” (Bishop 1992: 294).

Secondly, students will be influenced by the engagement and disengagement of the self-regulatory process (Bandura 1991; Bandura et al. 2001) which was explored in Section 2.4 of Chapter 2. Sensitivity improves when ethics courses engage students in ethically related situations. However, students may disengage themselves from these processes when attending practical training as they do not associate the theoretical application to a practical situation (Bandura 2002).

A further explanation is that upon completing practical training, students have been exposed to more of the outside world and may be inclined to accept an unethical situation for a number of reasons according to Trevino’s model of ethical decision making (see Section 2.4). A student’s personal concern about what is right may be ignored when they consider that the liability or consequences associated with a moral (or immoral) action will be shouldered by a higher authority in the organisation and as a result is not their immediate concern (Trevino 1986). It can also be argued that the lack of reinforcement during training, where students may observe that there is neither a reward for ethical behaviour or punishment for unethical behaviour, will lead to a decline in sensitivity. This is particularly relevant if unethical behaviour is condoned or even practiced by their supervisors. In the organisational context, Trevino (1986) claims that individuals are inclined to behave ethically if ethical behaviour is extrinsically rewarded or unethical disposition is clearly punished, and this argument has been supported by other studies (Windsor 2002; Bell and Hughes-Jones 2008). Students who attended practical training asserted that most ethical conflicts were related to client demands for ‘bending the rules’ with students aware of the firm’s desire to keep the clients and accept the demands, thus supporting Trevino’s claim. It is also suggested that the decline in sensitivity in the real world context, is inevitable. As Kohlberg (1984) asserts, although ethical values have universal roots, what an individual learns will diminish if it is not

highlighted repeatedly. The qualitative findings in this study support Trevino's argument and highlights that when ethical values are not reinforced there will be an inclination towards accepting unethical situations.

In light of these findings it is perhaps not surprising that the control group of students who did not attend training showed significant improvement in sensitivity. These students were not exposed to the personal encounters with real world moral issues as described above.

Ethical judgement making ability

The significant improvement of p-scores upon completion of practical training demonstrates that the training has substantially improved students' ethical judgement making ability resulting in the acceptance of hypothesis H₄ (refer Section 6.4). In contrast, students who did not undertake training demonstrated no significant change. This is consistent with Kohlberg's social interaction theory and Trevino's (1986) model of ethical decision making in organisations and supports findings in other studies on the effects of internship or practical training on ethical judgement (Shaub 1994; Porco 2003; Dellaportas, Cooper, and Leung 2006).

Kohlberg (1984: 2) asserts that "the effective reinforcers are matters of observation and no one can dispute them". Kohlberg also argues that the cognitive structure of a person can develop following processes of interaction with others, be it in a small or a large group. The interaction is more effective than the direct result of maturation or the direct result of learning (Kohlberg 1984). The findings of this study support Kohlberg's arguments. One explanation of the positive effect of practical training is that students experience firsthand how their colleagues, supervisors, partners and clients do business.

Trevino (1986) asserts individuals morally develop through their work experiences. When trainees are involved with various types of supervisors and colleagues they perform multiple tasks and need to communicate with and learn from different people, and deal with different types of conflicts. As a result the trainee will view and interpret a situation from different angles (Trevino 1986).

The students in this study who participated in non-focused tasks experienced a wider socialisation process, dealing with different supervisors, colleagues and clients and had greater exposure to more complex interactions and potentially a wider range of ethical situations. As a consequence this group of students demonstrated significantly higher judgement making ability after completing their training compared to those who focused only on a certain type of task.

Dellaportas Cooper, and Leung (2006: 67) explain that “accounting students who have developed the ability to reason at the Post Conventional stage might not always advocate to a solution consistent with that stage”. Moreover Dellaportas et al. (2006: 67) added that:

“...accountants might overlook their third party obligations in favour of self-interest. The strength of the socialization process and the potential influence of accounting firm cultures that emphasize revenue and short-term earnings (Wyatt 2004) means that we must now question whether the value systems of accounting professionals are strong enough to withstand client and economic pressures, which could compromise ethical judgement...”

This argument is supported by the qualitative feedback from students (refer Section 7.5 of Chapter 7) which contrasted with the result that judgement making ability had significantly improved after practical training. In some situations, students felt they were obliged to act on questionable instructions by their employer. Gresiri (2002) explains that it may be a situation of an integration of emotion and cognition. Although students may have acted against their ethical judgement for fear of retaliation, their actions may heighten their awareness of immoral situations and as such, their judgement making ability will still improve.

In conclusion, it is suggested that in order to prepare accounting students to become ethical accountants, they need to be exposed to practical experiences and deal with ethical conflicts at a professional level. The existing practical training has a negative effect on ethical sensitivity and the accounting profession does need to examine ethical education within practice.

8.2.5 Moral education program: effects on ethical processes

Rest's (1986) four component model (refer Section 2.3) suggests that an education program should be able to elevate ethical judgement making ability (Rest et al. 1999b). As demonstrated by the GLM Repeated Measures procedure, the MEP as a whole appears to significantly improve moral cognitive responses for the group compared to students who did not undertake the program (H_5 and H_6 accepted, refer Sections 5.9 and 6.5).

Whilst the results of the MEP are generally consistent with those of the individual interventions, it should be noted that the influence of the ethics course on judgement making produces a different result in the MEP compared to the individual intervention. Analysis of the individual intervention produces a significant improvement while the result from the MEP analysis shows a decline in students' reasoning in the post ethics course. While the difference may not be significant it does reinforce that the individual interventions have different impacts, with ethical sensitivity being more responsive to an ethics course and ethical judgement making ability being enhanced through the practical training experience. The result also highlights the importance of measuring the MEP as a whole and not simply focusing on the two discrete interventions. In addition it supports Kohlberg's and Rest's claims that an ethics education and socialisation experience are able to develop one's ethicality.

The influencing factors on the MEP are the same as those on the individual interventions. These have been reflected on in the previous sections of this Chapter and will not be readdressed further.

8.3 Research Implications

This study has concentrated on the first two components of Rest's theory of ethical behaviour, ethical sensitivity and ethical judgement making ability. Ethical intention and ethical behaviour have not been addressed directly in this research. The results show that a MEP at University level improves students'

sensitivity and judgement making ability but the improvements are directly related to the specific type of intervention. An ethics course improves sensitivity more significantly than ethical judgement making ability while practical training significantly improves reasoning but slightly negatively impacts on sensitivity. There are several implications from these findings.

The results on the improvement of students' ethical sensitivity and judgement making ability after undertaking an ethics course, and improvement in judgement making ability after completing practical training, support the claims and confirm the theoretical framework that education and a socialisation process can influence moral development as proposed by ethicists such as Kohlberg, Rest, Bandura and Trevino (discussed in Chapter 2). The findings of this study also support the literature on ethics education.

This study has demonstrated that ethics courses provided by public universities in particular tend at present to improve levels of sensitivity (and by association, Conventional reasoning ability). However, basic deontological approaches to dealing with moral issues appear to be applied in most instances. This non-consequential approach to evaluating ethics relies on the intentions behind the decisions (what is right or wrong) rather than the outcomes or actions that may result. Therefore, it is strongly recommended that an ethics course should be introduced in all universities, offering accounting courses which focus on improving the ethical constructs of ethical sensitivity and judgement making ability as they are not only achievable but also important precursors of ethical behaviour (Rest et al. 1999b). A course should have clear and focused objectives to assist the ethics lecturers to achieve specific aims. There should be an emphasis on accounting and management issues to influence sensitivity as well as a focus on theoretical frameworks and philosophical issues to improve judgement making ability. In other words, the ethics course content needs to go beyond a rule based curriculum and incorporate issues based on ethical theories.

In terms of specific teaching process, there is a need to include experiential components such as simulation, personal reflections, role-playing and drama (Brown 1994; Sanyal 2000; Sims 2002; Watson 2003; Wentland 2004) which are

not well addressed in current curriculum. Out-door experiential programs such as community service has also been shown to improve moral reasoning (Smith, Strand, and Bunting 2002). Talks by experienced accountants on what types of ethical conflicts occur in practice and how to deal with them may also help students deal with ethical conflicts in the future. An ethics course suggests the need for a lot of personal contact between ethics lecturers and students, thus small groups should be organized in any exercise. For example, activities relating to self-introspection as recommended by Freire (1987), where students reflect in class on personal issues such as plagiarism and cheating, should be incorporated. Teachers also need to have the ability to relate effectively with students and provide counsel as required which reinforces the need for sound training of ethics lecturers. There is also evidence that a strong degree of cooperation and collaboration between business and philosophy lecturers in teaching ethics to students will improve ethical outcomes (Oddo 1997; Sims 2002; IFAC Information Paper 2006). If these recommendations are adopted then emotive as well as cognitive learning issues will be addressed.

A further recommendation is for a pre and post self-assessment test to be conducted as a means of evaluating the effectiveness of an ethics course. This will determine whether there is improvement in the ethical component targeted as outlined in the course objectives. There are numerous research instruments (including those used in this study) that can be applied that will permit reflection and discussion. No single ethics course can guarantee that students will behave and act ethically (Bean and Bernadi 2007), but an analysis and evaluation of cognitive moral development can provide insights, discussion and debate on the essential elements associated with an effective ethics course.

Furthermore, the advances in ethical sensitivity during post ethics course appear to be transitory as there is no further significant improvements in sensitivity after undertaking practical training and this needs to be addressed. The results also indicate that social interaction related to wider non-focused tasks during practical training has a more significant influence than focused training. Thus, it is recommended that practical training should be conducted in an unfocused task

manner where students are exposed to a variety of tasks and potentially a broader circle of socialisation structures and ethical situations.

Another recommendation involves the need to consider an approach of developing moral courage within students. This important fourth component of moral behaviour defined by Rest (1986) cannot be discounted and is a function of the ego-strength of the individual and the ethical climate that is likely to confront him or her in the workplace. Martin and Wilkerson (2006) have found that practical training did very little in attracting accounting students to pursue a career in accounting and suggested that interactions and observation made during practical training can send negative signals to the students. This study raises similar concerns that although students benefit from the experience, some may be receiving negative signals from the training firm where the ethical climate is less than satisfactory. This view is supported by feedback from students which indicates there is a relatively high incidence of encounters with situational issues of concern. At present, students complete training without receiving any real feedback on performance and a report by an appointed supervisor (indicating satisfaction with the student) forms the basis for a pass or fail. As practical training is an experiential way of putting theory into practice (Griseri 2002), it is recommended that counselling by an expert (for example, the student's ethics teacher) be conducted upon its completion. Students can share their ethical experiences either in writing (for example in a report) and/or in a discussion where they can reflect on the experiences. Based on the findings of this study, it is also suggested that discussion that identifies the loopholes between theory and practice in ethical views is crucial. Teachers need to be fully aware of the cultural factors affecting workplace activities and to cover these in class. Therefore, universities which position practical training at the exit of an accounting program should consider restructuring the program, so that post training they can introduce counselling and use the information gained in structuring future syllabi.

During their encounters in the world of business, it appears most students who completed practical training have difficulty in processing an ethical situation under pressure. What is needed is a continuous moral education that has a long lasting ethical awareness or sensitivity of ethical values. Therefore, at the post

tertiary level it is recommended that there be continuous training to ensure ethical issues are reinforced for accountants. This could be conducted by the professional bodies and, more importantly, by employers as part of their effective ethics programs.

The recommendation that a moral education needs to be continuous also has implications for the pre-tertiary sector. According to Tamuri (2007), there are limitations in the implementation of teaching Islamic and moral values in Malaysian secondary schools, for example, teachers lack of training, inadequate facilities and poor textbooks. To lessen the gap between school and university education and to strengthen the life long learning and awareness of ethical issues, this study recommends that the Ministry of Education Malaysia should play a greater role in strengthening the moral education in primary and secondary schools. This could be achieved by implementing training for teachers and greater support for resources to support teaching.

The results of this study have contributed to the research literature in a number of ways. This is the first study in a Malaysian setting that investigates the simultaneous effects of two components of ethical behaviour, ethical sensitivity and judgement making ability, on accounting students using multiple sample universities. It is also the first Malaysian study that investigates not only the impact of the two interventions but also a MEP as a whole.

Secondly, the study adds substantially to the body of literature on students' practical training experience in relation to ethical development. Most studies relating to practical training investigate the development of technical and soft skills, but not on ethical development which is the focus of this research. Past studies on sensitivity using Longenecker's vignettes did not attempt to identify ethical constructs [except for Wu (2003)] and this has created a distinctive aspect to the current study and allowed the investigator to examine underlying issues explaining shifts in two cognitive notions of ethical behaviour. The multiple assessment of describing faith maturity using Benson's faith maturity scale has added to the literature which has predominantly used a single measurement (see Conroy and Emerson 2004).

Thirdly, this study helps fill a gap in the literature by providing both cross sectional and longitudinal data from multiple samples of ethics classes, using both experiment and control groups. The study used GLM Repeated Measures, a variation from other related studies, in analysing the longitudinal data and found that the method is very useful in providing results of between and within subject effects, identifying the impact of multiple interventions over time.

Although other studies like La Grone et al. (1996) attempted to assess the longitudinal impact of ethics education, these have been somewhat limited as the follow-up test (second and third test) have not incorporated any additional intervention. Perhaps the most important implication for future studies is the finding that the relevant interventions of an ethics course followed by practical training, together represent a moral education component of study that produces significant improvements in sensitivity and judgement making ability.

8.4 Limitations of the study and recommendation for future research

While this study highlights many important and interesting results, any conclusions need to be treated with some caution. Firstly, three out of the six universities participating in this study are Malay (who are mainly Muslims) dominated universities, with these universities giving priority to this group in their enrolment. A more evenly distributed mix is dependent on the willingness of universities and lecturers to participate. Secondly, the syllabi were gathered at the start of this study (in year 2008) thus it is acknowledged that over the course of time there may have been changes to the accounting curriculum in response to the needs of stakeholders and recommendations made in this study may have already been addressed. Direct opinions on teaching effectiveness are not gathered from students with the effectiveness of an ethics course only measured in terms of the improvement to student ethicality. This does however prevent any confidentiality issues in relation to the lecturers. The additional six ethics lecturers from non-sampled universities may also be considered a limitation in drawing conclusions

on the effectiveness that teaching an ethics course may have on ethical sensitivity and judgment. However, their views, expertise and teaching philosophy are not dissimilar to the sample and it is believed that their inclusion strengthens the findings in this study.

In the analysis, the preference for using t-tests over a large number of changed situations increases the chance of type 1 errors. There is also a possibility of non-response bias where students who dropped out in Phase 2 may respond differently and produce other non-intended results. A further precaution was taken to eliminate universities or ethics classes from the sample where the response rate was 40% or less at the post stage. The management of experiment and control group sample sizes was difficult, limiting the efficacy of some tests (for example, GLM Repeated Measures) due to high attrition rates. The strict validity protocols associated with the determination of p-scores also had an effect on sample size.

Analysis determined that students' faith maturity remained the same from the first through the third phase of the study. It is believed that this result may have been influenced by the large sample of Muslim students. A broader sample may produce a different result.

The results of this study showing an effective MEP in improving students' ethical sensitivity and judgement making ability do not guarantee that students will behave ethically in the future. However, it is believed that possessing good ethical sensitivity and judgement making ability provides a basis for making ethical decisions in the future. In addition, the likelihood that students will behave ethically will also increase if the education recommendations discussed in Section 8.3 are implemented.

Given the above limitations, the following recommendations are proposed for future research.

Future replication studies involving multiple universities need a balanced ratio of demographics to avoid possible skewed results. This will make for meaningful cross sectional studies and will add value to the extant Malaysian literature.

Although this study concludes that ethics courses are effective, further investigation is justified to determine what teaching processes make an ethics course effective. Specific teaching expertise factors such as the experience, enthusiasm and commitment to an ethics course could also be examined in depth using surveys and observation. An examination of the syllabi provided by public universities also needs to be undertaken, particularly that of Public B type institutions, which might be a useful benchmark (Public B being most effective in improving ethical sensitivity) for other universities to enable them achieve similar objectives and results. A pre and post study of ethics education may also consider including feedback from the ethics lecturers and students regarding their perceptions of the implementation of an effective ethics course. Future research may also compare ethics courses taught in similar Asian settings and in western countries such as Australia and America to identify the differences in the content and deliveries of an ethics course and enhance the understanding of factors that contribute to the effectiveness of an ethics course.

This study concentrated on cognitive attributes of ethical behaviour and gave little space to affective issues, including motivation and moral character (Rest's third and fourth component respectively). Future research in this area could include some observations on the teaching methodology and focused interviews that support the development of these other attributes. For example, observing positive attitudes towards ethics teaching, identifying and encouraging the use of appropriate high quality methods, especially those that foster personal introspection and the development of ethical students.

The role of religion in public universities also needs to be examined, in terms of the way their teachings tend to foster Stage 4 reasoning skills at the expense of higher principled reasoning. This could be extended to more closely examine faith maturity to better understand why Vertical faith maturity influenced sensitivity but neither Vertical or Horizontal faith maturity had any influence on students' reasoning ability.

It would be useful to conduct a longitudinal study that follows students into the workplace in order to determine whether the benefits gained from their tertiary studies continue to bear fruit and whether professional development programs provided by accounting bodies provide ongoing incentives to behave ethically. The views of practitioners (both in private and government sectors) and stakeholders (including family and religious bodies) should also be studied to ascertain how they can contribute to the development of an ethical business environment.

Responses obtained revealed that students attending practical training dealt with various ethical dilemmas, but the majority chose to let their supervisors determine the final decision on most issues. This study did not address the question of how students felt about decisions being made by others or whether this influences their ethical sensitivity and judgement making ability. These issues warrant further investigation.

8.5 Concluding remarks

The findings of this research have established that business ethics can be taught, and will improve ethical sensitivity and judgement making ability. To improve the effective delivery of an ethics course, attention needs to be given to a number of factors. Accounting schools need to be clear on the objective of the course. An ethics course that focuses on prescriptive laws and codes of conduct will improve sensitivity while a course that includes substantial ethical concepts and theories can elevate judgement making ability. Therefore, an effective ethics course needs to incorporate rule based concepts as well as theoretical and philosophical issues. The expertise of ethics lecturers plays an important role in the delivery of an effective ethics course with this study finding that lecturers with high expertise and broader experience help students' improve their ethical sensitivity and judgement making ability.

This thesis has made an original contribution to the Malaysian accounting program by identifying the benefits of a MEP involving an ethics course and practical training on ethical sensitivity and judgement making ability and strongly

supports the theoretical framework that education and a socialization process influences moral development. Although findings in this study send a positive signal to Malaysian accounting educators and policy makers on the improvement of ethical development as a result of ethics education and socialisation process, there is room for improvement and these are addressed in this thesis. The rich data presented in longitudinal and cross sectional statistical analysis provides significant inputs and the thesis has heightened the standard in researching the effectiveness of an ethics course and education program in a Malaysian context.

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APPENDICES

Appendix 1.1: The Malaysian National Educational Philosophy

Section 1.1.3 of Chapter 1 briefly explains the background of the Malaysian education system. The provision of moral and ethics subjects alluded to from the National Educational Philosophy are as follows:

“Education in Malaysia is an ongoing effort towards further developing the potential of individuals who are intellectually, spiritually, emotionally and physically balanced and harmonious, based on a firm belief and devotion to God. Such an effort is designed to produce Malaysian citizens who are knowledgeable and competent, who possess high moral standards and who are responsible and capable of achieving a higher level of personal well-being as well as being able to contribute to the betterment of the family, the society and the nation at large” (Ahmad 1998: 463).

The National Ideologies:

1. Believe in God
2. Loyalty to King and Country
3. Upholding the Constitution
4. Rule of Law
5. Good Behaviour and Morality

Appendix 1.2: First Stage Questionnaire

Dear participant,

We are inviting you to participate in a long term study which aims to gather information about the way you view various types of ethical issues and the processes you apply when attempting to deal with them. You are invited to complete a questionnaire designed in 3 stages; one at this time and two others at selected dates over the next twelve months. We are particularly interested in the effect your involvement in ethics courses and practical training has on your sensitivity to issues and the way you attempt to resolve them.

The following items are attached to this information sheet:

- A consent form indicating your agreement to participate in this study.
- The questionnaire.

Stage 1 of the instrument takes about 45 minutes to complete and we hope you will carefully consider and **answer all questions**. The following two stages will involve the completion of a similar survey and take about the same time to complete.

The completed forms will be retained by the researchers and although each participant can be identified from the number provided on the questionnaire, the information contained therein will be held in safekeeping and not made available to any other person(s) or institutions. The data may be used for analysis but no personal information identifying any participant will be disclosed.

As mentioned, there will be three surveys but you have the right to withdraw at any time or stage, and such decision will have no effect on your rights as a student. There is no risk to you associated with the survey.

Should you require any additional information relating to the survey(s), do not hesitate to contact us using the following email address:

maisarah.mohamedsaat@postgrad.curtin.edu.au

Gordon.Woodbine@cbs.curtin.edu.au

Stacey.Porter@cbs.curtin.edu.au

Should you wish to lodge a complaint about any matter relating to this survey, please contact Secretary, Human Research Ethics Committee, Office of Research and Development, P.O. Box U1987, Perth WA 6845.

This survey exercise has been approved by the Curtin University Human Research Ethics Committee. We thank you for your kind support.

Appendix 1.2: First Stage Questionnaire

Consent Form

The following consent form is provided with respect to the survey instrument.

I understand that the instrument is to be used to assess aspects of my moral development over a period of my university education. I understand the researchers of the study will adhere to the University standards of confidentiality in the collection and handling of my personal information and that no related information will be provided or disclosed about me to other persons or institutions.

I have read the information sheet and understand the purpose of the study and have been given the opportunity to ask any related questions. I understand that I may withdraw from the study at any time.

I agree to participate in the study outlined to me.

Student IC No. :

Signature :

Date :

Appendix 1.2: First Stage Questionnaire

Section A: Demographic

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Please tick (✓) the most appropriate box where applicable.

1. **Gender:** ☐ Male ☐ Female
2. **Ethnic Group:**
☐ Malay ☐ Chinese
☐ Indian ☐ Others (Please specify) _____

3. **Age:** _____ years

4. **Religion:**
☐ Islam ☐ Buddha
☐ Hindu ☐ Christian
☐ No religion ☐ Others (Please specify) _____

5. **Father's occupation*:** _____

6. **Mother's occupation*:** _____

* If retired, please state previous occupation

7. **Your position in the family:** _____ (e.g., first born, second etc.) in _____ (number of siblings)

8. **My upbringing is largely influenced by this/these people** (*may tick more than one*):

- | | |
|--|--|
| <input type="checkbox"/> my mother | <input type="checkbox"/> my father |
| <input type="checkbox"/> my grandparent(s) | <input type="checkbox"/> my teacher(s) |
| <input type="checkbox"/> my friends/peers | <input type="checkbox"/> Others (Please specify) _____ |

9. **Types of school attended during PRIMARY:**

- | | |
|--|---|
| <input type="checkbox"/> National school | <input type="checkbox"/> Islamic Religious School |
| <input type="checkbox"/> Chinese School | <input type="checkbox"/> Tamil School |
| <input type="checkbox"/> Other (Please state): _____ | |

10. **Types of school attended during SECONDARY:**

- | | |
|--|---|
| <input type="checkbox"/> National Public school | <input type="checkbox"/> National Private school |
| <input type="checkbox"/> Islamic Religious School | <input type="checkbox"/> Maktab Rendah Sains MARA |
| <input type="checkbox"/> Chinese School | <input type="checkbox"/> Technical School |
| <input type="checkbox"/> Other (Please state): _____ | |

Appendix 1.2: First Stage Questionnaire

11. **Cumulative Grade Point Average (CGPA):** _____ (latest)

12. **E-mail address:**

Section B: Please read the instructions below before attempting to answer this section

The Defining Issues Test

This instrument assesses your opinions about controversial social issues. Different people make decisions about these issues in different ways. You should answer the questions for yourself without discussing them with others. You are presented with three stories. Following each story you will be asked to perform **three** tasks: (1) rate one action that you would take out of 3 actions given; (2) rate each of 12 statements in terms of its importance in making a decision; (3) choose 4 most important statements out of the 12 statements given and then rank them from “one” to “four” in terms of relative importance in making a decision.

EXAMPLE:

You have been thinking about buying a car. You are married, have two small children and earn an average income. The car you buy will be your family’s only car. It will be used mostly for work, but sometimes for vacation trips. Your employer has offered to pay 10% of the cost of the car, if the car is only used for work purposes.

Task 1: Make a moral decision

Indicate one of following three actions that you would take.

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Tell employer the car will be used for private use and risk losing the employer’s contribution to the cost of purchase. | <input type="checkbox"/> Although you intend to use the car for private use, tell employer that the car will never be used for private use. | <input type="checkbox"/> Not tell employer anything and see what happens. |
|---|---|---|

Task 2: Rate 12 statements in terms of importance to the moral decision that you have made in Task 1.

Rate each of the following statements in terms of its importance in making the moral decision. Some statements will raise important issues, but you should ask yourself whether the decision should rest on that issue. Some statements sound high and lofty but are largely gibberish. If you cannot make sense of a statement, or if you don’t understand it’s meaning, mark it (5) “Of no importance”.

Use the following rating scale for your response.

Rating Scale

1	Of GREAT importance. This statement or question makes a big, crucial difference one way or the other in making a decision about the problem.
2	Of MUCH importance. This statement or question is something that a person should clearly be aware of (though not always a crucial one) one way or the other in making a decision about the problem.
3	Of SOME importance. This statement or question involves something you generally care about, but it is not of great importance in making a decision about the problem.
4	Of LITTLE importance. This statement or question is not very important to consider in making a decision about the problem.
5	Of NO importance. This statement or question is completely unimportant in making a

Appendix 1.2: First Stage Questionnaire

	decision. You would waste your time thinking about it when making a decision about the problem.
--	---

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
	√				1. Whether the 10% cost that the employer would contribute, would make up for not having the car for private use?
	√				2. If I intend to use the car for private use (i.e. holidays), would a spacious car be better than a compact car?
√					3. Whether I would be comfortable in not telling my employer the truth about the use of the car?
√					4. Whether you can afford the monthly payment if you have to pay the entire cost of the car?
				√	5. Whether the front shape of the car was differential (Note that if a statement does not make sense to you, mark it "No Importance").

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

Based on your rating in Task 2, rank the **four** most important statements from "1" to "4" that help you to make a decision. If you have more than one tick in any column of importance (note that statements 3 and 4 above are both marked as great importance and statements 1 and 2 are both marked as 'much importance') circle which one is more important than the other(s).

*Most important statement	<u>4</u>	Second most important	<u>3</u>
Third most important	<u>2</u>	Fourth most important	<u>1</u>

AFTER READING THE INSTRUCTIONS AND EXAMPLE, PLEASE PROCEED TO ANSWER THE FOLLOWING 3 CASES.

CASE 1

A woman was near death from a rare type of cancer. There was one medicine that doctors thought might save her. It was a form of radium that the medical researcher in the same town had recently discovered. The medicine was expensive to make, but the medical researcher was charging ten times what the medicine actually cost to make. He spent RM200 for the medicine formula and charged RM2,000 for a small dose of the medicine. The woman needed at least 60 doses to cure; thus needed to raise RM120,000 for the medicine. The sick woman's husband, Zahir, went to everyone he knew to borrow the money, but he could only raise about RM50,000, which is less than half of what they needed. He told the medical researcher that his wife was dying, and asked him to sell it cheaper or let him pay later. But the medical researcher said, "No, I discovered the medicine and I'm going to make money from it". So Zahir got desperate and began to think about breaking into the man's store to steal the medicine for his wife.

Task 1: Should Zahir steal the medicine?

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Indicate one of the following three actions that you would take.

☐ Should Steal ☐ Can't Decide ☐ Should not steal

Task 2:

Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Whether a community's laws are going to be upheld?
					2. Isn't it only natural for a loving husband to care so much for his wife that he would steal?
					3. Is Zahir willing to risk getting shot as a burglar or going to jail for the chance that stealing the medicine might help?
					4. Whether Zahir is a professional wrestler, or has considerable influence with the professional wrestlers?
					5. Whether Zahir is stealing for himself or doing this solely to help someone else?
					6. Whether the medical researcher's rights to his invention have to be respected?
					7. Whether the essence of living is more encompassing than the termination of dying, socially and individually?
					8. What values are going to be the basis for governing how people act towards each other?
					9. Whether the medical researcher is going to be allowed to hide behind a worthless law which only protects the rich anyhow?
					10. How important is the law in this case when it interferes with the important needs of the members of society?
					11. Whether the medical researcher deserves to be robbed for being so greedy and cruel?
					12. Would stealing in such a case bring about more total good for the whole society or not?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
Third most important _____ Fourth most important _____

CASE 2

A man had been sentenced to prison for 10 years. After one year, however, he escaped from prison, moved to another state, and took on the name of Karim. For eight years he worked hard, and gradually he saved enough money to buy his own business. He was fair

Appendix 1.2: First Stage Questionnaire

to his customers, gave his employees top wages, and gave much of his own profits to charity. Then one day, Puan Salmah, an old neighbor, recognized him as the man who had escaped from prison eight years before and whom the police had been looking for.

Task 1: Should Puan Salmah report Karim to the police and have him sent back to prison?

Indicate one of the following three actions that you would take.

☐ Should report him ☐ Can't decide ☐ Should not report him

Task 2: Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Hasn't Karim been good enough for such a long time to prove he isn't a bad person?
					2. Everytime someone escapes punishment for a crime, doesn't that just encourage more crime?
					3. Wouldn't we be better off without prisons and the problems that our legal system often creates?
					4. Has Karim really paid his debt to society?
					5. Would society be failing what Karim should fairly expect?
					6. What benefits would prisons be apart from society, especially for a charitable man?
					7. How could anyone be so cruel and heartless as to send Karim to prison?
					8. Would it be fair to all prisoners who had to serve out their full sentences if Karim was let off?
					9. Was Puan Salmah a good friend of Karim?
					10. Wouldn't it be a citizen's duty to report an escaped criminal, regardless of the circumstances?
					11. How would the will of the people and the public good best be served?
					12. Would going to prison do any good for Karim or protect anybody?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
 Third most important _____ Fourth most important _____

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CASE 3

Lim, a senior in high school, wanted to publish a school newspaper for students so that he could express many of his opinions. He wanted to speak out against the use of foreign intervention in international disputes and to complain about some of the school's rules, like the rule of caning pupils in school. When Lim started his newspaper, he asked his principal for permission. The principal said it would be all right if before every publication Lim could turn in all his articles for the principal's approval. Lim agreed and turned in several articles for approval. The principal approved all of them and Lim published two issues of the paper in the next two weeks. But the principal had not expected that the newspaper would receive so much attention. Students were so excited by the paper that they began to organize protests against the caning regulation and other school rules. Angry parents objected to Lim's opinions. They phoned the principal telling him that the newspaper was unpatriotic and should not be published. As a result of the rising excitement, the principal ordered Lim to stop publishing. He gave as a reason that Lim's writings were disruptive to the operation of the school.

Task 1: Should the principal stop the newspaper?

Indicate one of the following three actions that you would take.

☐ Should stop it ☐ Can't decide ☐ Should not stop it

Task 2: Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Is the principal more responsible to students or parents?
					2. Did the principal give his word that the newspaper could be published for a long time, or did he just promise to approve the newspaper one issue at a time?
					3. Would the students start protesting even more if the principal stopped the newspaper?
					4. When the welfare of the school is threatened, does the principal have the right to give orders to students?
					5. Does the principal have the freedom of speech to say "no" in this case?
					6. If the principal stopped the newspaper would he be preventing full discussion of important problems?
					7. Whether the principal's order would make Lim lose faith in the principal?
					8. Whether Lim was really loyal to his school and patriotic to his country?
					9. What effect would stopping the paper have on the student's education in critical thinking and judgment?
					10. Whether Lim was in any way violating the rights of others in publishing his own

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					opinions?
					11. Whether the principal should be influenced by some angry parents when it is the principal that knows best what is going on in the school?
					12. Whether Lim was using the newspaper to stir up hatred and discontent?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
 Third most important _____ Fourth most important _____

Section C: Please circle and rate how these situations are acceptable to you on a scale of 'Not Acceptable (1) to 'Always Acceptable (7).

		Not Acceptable				Always Acceptable			
1.	An executive earning RM100,000 a year exaggerated his expense account by about RM3,000 a year.	1	2	3	4	5	6	7	
2.	In order to increase profits of the firm, a general manager used a production process that exceeded legal limits for environmental pollution.	1	2	3	4	5	6	7	
3.	Because of pressure from his brokerage firm, a share broker recommended a type of share that he did not consider to be a good investment.	1	2	3	4	5	6	7	
4.	A small business received one-fourth of its gross revenue in the form of cash. The owner reported only one-half of the cash receipts for income tax purposes.	1	2	3	4	5	6	7	
5.	A company paid a RM100 000 “consulting” fee to an official of a foreign country. In return, the official promised assistance in obtaining a contract that will produce RM5 million profits for the contracting company.	1	2	3	4	5	6	7	
6.	A company Chairman found that a competitor had made an important scientific discovery, which would sharply reduce the profits of his own company. He then hired a key employee of the competitor in an attempt to learn the details of the discovery.	1	2	3	4	5	6	7	
7.	A highway building contractor disapproved of the chaotic bidding situation and intense competition. He therefore reached an understanding with other major contractors to permit bidding which would provide a reasonable profit.	1	2	3	4	5	6	7	
8.	A company director recognized that sending expensive Hari Raya gifts to clients’ purchasing officers might compromise their positions. However, he continued the policy since it was common practice and changing it might result in loss of business.	1	2	3	4	5	6	7	
9.	A corporate director learned that his company intended to announce a share split and increase its dividend. On the basis of this information, he bought additional shares and sold them at a gain following the announcement.	1	2	3	4	5	6	7	

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		Not Acceptable				Always Acceptable		
10.	A corporate executive promoted a loyal friend and competent manager to the position of divisional Vice Chairman in preference to a better-qualified manager with whom he had no close personal ties.	1	2	3	4	5	6	7
11.	An engineer discovered what he perceived to be a product design flaw which constituted a safety hazard. His company declined to correct the flaw. The engineer decided to keep quiet, rather than taking his complaint outside the company.	1	2	3	4	5	6	7
12.	An accountant selected a legal method of financial reporting which would hide some embarrassing financial facts that would otherwise have become public knowledge.	1	2	3	4	5	6	7
13.	An employer received application for a supervisor's position from two equally qualified applicants but hired the male applicant because he thought that some employees might refuse being supervised by a female.	1	2	3	4	5	6	7
14.	As part of the marketing strategy for a product, the producers changed its colour and marketed it as 'new and improved', even though its other characteristics were unchanged.	1	2	3	4	5	6	7
15.	A cigarette manufacturer launched a publicity campaign challenging new evidence from the Ministry of Health office that cigarette smoking is harmful to the smoker's health.	1	2	3	4	5	6	7
16.	An owner of a small business firm obtained a free copy of copyrighted computer software program from a business friend rather than spending RM1 500 to obtain his own program from the software dealer.	1	2	3	4	5	6	7

Section D: Please rate how each statement is true for you (✓ in the appropriate box):

	Statement	Never true	Rarely true	True once in a while	Some times true	Often true	Almost always true	Always true
1.	I help others with their religious questions and concerns.							
2.	I seek out opportunities to help me grow spiritually.							
3.	I feel a deep sense of responsibility for reducing pain and suffering in the world.							
4.	I give significant portions of time and money to help other people.							
5.	I feel God(s)/Karma's presence in my relationship with other people.							
6.	My life is filled with meaning and purpose.							
7.	I care a great deal about economic and social inequalities and injustice in Malaysia and throughout the world.							
8.	I try to see political and social issues in the perspective of my faith/religion.							

Appendix 1.2: First Stage Questionnaire

	Statement	Never true	Rarely true	True once in a while	Some times true	Often true	Almost always true	Always true
9.	My life is committed to the God (or gods) I serve or have faith/belief in.							
10.	I talk with other people about my faith/belief.							
11.	I have a real sense that God(s)/Kharma's (or other referent point) is guiding me.							
12.	I am spiritually moved by the beauty of the God(s)/Kharma's (or other referent point) I serve or have faith/belief in.							

Thank you for answering all questions.

Appendix 1.3: Second Stage Questionnaire

Dear participant,

This is the **second stage** of the research on ethical sensitivity and ethical judgement of Malaysian accounting students. This instrument takes about 30 minutes to complete and we hope you will carefully consider and **answer all questions**.

The completed forms will be retained by the researchers and although each participant can be identified from the number provided on the questionnaire, rest assured that the information contained therein will be held in safekeeping and not made available to any other person(s) or institutions. The data may be used for analysis but no personal information identifying any participant will be disclosed.

Should you require any additional information relating to the survey(s), do not hesitate to contact us using the following email address:

maisarah.mohamedsaat@postgrad.curtin.edu.au
Gordon.Woodbine@cbs.curtin.edu.au
Stacey.Porter@cbs.curtin.edu.au

Should you wish to lodge a complaint about any matter relating to this survey, please contact Secretary, Human Research Ethics Committee, Office of Research and Development, P.O. Box U1987, Perth WA 6845.

This survey exercise has been approved by the Curtin University Human Research Ethics Committee.

We thank you for your kind support.

Appendix 1.3: Second Stage Questionnaire

Consent Form

The following consent form is provided with respect to the survey instrument.

I understand that the instrument is to be used to assess aspects of my moral development over a period of my university education. I understand the researchers of the study will adhere to the University standards of confidentiality in the collection and handling of my personal information and that no related information will be provided or disclosed about me to other persons or institutions.

I have read the information sheet and understand the purpose of the study and have been given the opportunity to ask any related questions. I understand that I may withdraw from the study at any time.

I agree to participate in the study outlined to me.

Student IC No. :

Signature :

Date :

Appendix 1.3: Second Stage Questionnaire

I/C No:

						-			-				
--	--	--	--	--	--	---	--	--	---	--	--	--	--

email address:

Section A: Please read the instructions below before attempting to answer this section

The Defining Issues Test

This instrument assesses your opinions about controversial social issues. Different people make decisions about these issues in different ways. You should answer the questions for yourself without discussing them with others. You are presented with three stories. Following each story you will be asked to perform **three** tasks: (1) rate one action that you would take out of 3 actions given; (2) rate each of 12 statements in terms of its importance in making a decision; (3) choose 4 most important statements out of the 12 statements given and then rank them from “one” to “four” in terms of relative importance in making a decision.

EXAMPLE:

You have been thinking about buying a car. You are married, have two small children and earn an average income. The car you buy will be your family’s only car. It will be used mostly for work, but sometimes for vacation trips. Your employer has offered to pay 10% of the cost of the car, if the car is only used for work purposes.

Task 1: Make a moral decision

Indicate one of following three actions that you would take.

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Tell employer the car will be used for private use and risk losing the employer’s contribution to the cost of purchase. | <input type="checkbox"/> Although you intend to use the car for private use, tell employer that the car will never be used for private use. | <input type="checkbox"/> Not tell employer anything and see what happens. |
|---|---|---|

Task 2: Rate 12 statements in terms of importance to the moral decision that you have made in Task 1.

Rate each of the following statements in terms of its importance in making the moral decision. Some statements will raise important issues, but you should ask yourself whether the decision should rest on that issue. Some statements sound high and lofty but are largely gibberish. If you cannot make sense of a statement, or if you don’t understand it’s meaning, mark it (5) “Of no importance”. Use the following rating scale for your response.

Rating Scale

1	Of GREAT importance. This statement or question makes a big, crucial difference one way or the other in making a decision about the problem.
2	Of MUCH importance. This statement or question is something that a person should clearly be aware of (though not always a crucial one) one way or the other in making a decision about the problem.
3	Of SOME importance. This statement or question involves something you generally care about, but it is not of great importance in making a decision about the problem.
4	Of LITTLE importance. This statement or question is not very important to consider in making a decision about the problem.
5	Of NO importance. This statement or question is completely unimportant in making a decision. You would waste your time thinking about it when making a decision about the problem.

Appendix 1.3: Second Stage Questionnaire

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
	√				1. Whether the 10% cost that the employer would contribute, would make up for not having the car for private use?
	√				2. If I intend to use the car for private use (i.e. holidays), would a spacious car be better than a compact car?
√					3. Whether I would be comfortable in not telling my employer the truth about the use of the car?
√					4. Whether you can afford the monthly payment if you have to pay the entire cost of the car?
				√	5. Whether the front shape of the car was differential (Note that if a statement does not make sense to you, mark it “No Importance”).

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

Based on your rating in Task 2, rank the **four** most important statements from "1" to "4" that help you to make a decision. If you have more than one tick in any column of importance (note that statements 3 and 4 above are both marked as great importance and statements 1 and 2 are both marked as 'much importance') circle which one is more important than the other(s).

*Most important statement 4 Second most important 3
 Third most important 2 Fourth most important 1

AFTER READING THE INSTRUCTIONS AND EXAMPLE, PLEASE PROCEED TO ANSWER THE FOLLOWING 3 CASES.

CASE 1

A woman was near death from a rare type of cancer. There was one medicine that doctors thought might save her. It was a form of radium that the medical researcher in the same town had recently discovered. The medicine was expensive to make, but the medical researcher was charging ten times what the medicine actually cost to make. He spent RM200 for the medicine formula and charged RM2,000 for a small dose of the medicine. The woman needed at least 60 doses to cure; thus needed to raise RM120,000 for the medicine. The sick woman's husband, Zahir, went to everyone he knew to borrow the money, but he could only raise about RM50,000, which is less than half of what they needed. He told the medical researcher that his wife was dying, and asked him to sell it cheaper or let him pay later. But the medical researcher said, "No, I discovered the medicine and I'm going to make money from it". So Zahir got desperate and began to think about breaking into the man's store to steal the medicine for his wife.

Task 1: Should Zahir steal the medicine?

Indicate one of the following three actions that you would take.

☐ Should Steal ☐ Can't Decide ☐ Should not steal

Appendix 1.3: Second Stage Questionnaire

Task 2:

Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Whether a community's laws are going to be upheld?
					2. Isn't it only natural for a loving husband to care so much for his wife that he would steal?
					3. Is Zahir willing to risk getting shot as a burglar or going to jail for the chance that stealing the medicine might help?
					4. Whether Zahir is a professional wrestler, or has considerable influence with the professional wrestlers?
					5. Whether Zahir is stealing for himself or doing this solely to help someone else?
					6. Whether the medical researcher's rights to his invention have to be respected?
					7. Whether the essence of living is more encompassing than the termination of dying, socially and individually?
					8. What values are going to be the basis for governing how people act towards each other?
					9. Whether the medical researcher is going to be allowed to hide behind a worthless law which only protects the rich anyhow?
					10. How important is the law in this case when it interferes with the important needs of the members of society?
					11. Whether the medical researcher deserves to be robbed for being so greedy and cruel?
					12. Would stealing in such a case bring about more total good for the whole society or not?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
Third most important _____ Fourth most important _____

CASE 2

A man had been sentenced to prison for 10 years. After one year, however, he escaped from prison, moved to another state, and took on the name of Karim. For eight years he worked hard, and gradually he saved enough money to buy his own business. He was fair to his customers, gave his employees top wages, and gave much of his own profits to

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charity. Then one day, Puan Salmah, an old neighbor, recognized him as the man who had escaped from prison eight years before and whom the police had been looking for.

Task 1: Should Puan Salmah report Karim to the police and have him sent back to prison?

Indicate one of the following three actions that you would take.

☐ Should report him ☐ Can't decide ☐ Should not report him

Task 2: Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Hasn't Karim been good enough for such a long time to prove he isn't a bad person?
					2. Everytime someone escapes punishment for a crime, doesn't that just encourage more crime?
					3. Wouldn't we be better off without prisons and the problems that our legal system often creates?
					4. Has Karim really paid his debt to society?
					5. Would society be failing what Karim should fairly expect?
					6. What benefits would prisons be apart from society, especially for a charitable man?
					7. How could anyone be so cruel and heartless as to send Karim to prison?
					8. Would it be fair to all prisoners who had to serve out their full sentences if Karim was let off?
					9. Was Puan Salmah a good friend of Karim?
					10. Wouldn't it be a citizen's duty to report an escaped criminal, regardless of the circumstances?
					11. How would the will of the people and the public good best be served?
					12. Would going to prison do any good for Karim or protect anybody?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
Third most important _____ Fourth most important _____

Appendix 1.3: Second Stage Questionnaire

CASE 3

Lim, a senior in high school, wanted to publish a school newspaper for students so that he could express many of his opinions. He wanted to speak out against the use of foreign intervention in international disputes and to complain about some of the school's rules, like the rule of caning pupils in school. When Lim started his newspaper, he asked his principal for permission. The principal said it would be all right if before every publication Lim could turn in all his articles for the principal's approval. Lim agreed and turned in several articles for approval. The principal approved all of them and Lim published two issues of the paper in the next two weeks. But the principal had not expected that the newspaper would receive so much attention. Students were so excited by the paper that they began to organize protests against the caning regulation and other school rules. Angry parents objected to Lim's opinions. They phoned the principal telling him that the newspaper was unpatriotic and should not be published. As a result of the rising excitement, the principal ordered Lim to stop publishing. He gave as a reason that Lim's writings were disruptive to the operation of the school.

Task 1: Should the principal stop the newspaper?

Indicate one of the following three actions that you would take.

☐ Should stop it ☐ Can't decide ☐ Should not stop it

Task 2: Please rate the following 12 statements in terms of importance on a rating scale of (1) Great, (2) Much, (3) Some, (4) Little and (5) No Importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Is the principal more responsible to students or parents?
					2. Did the principal give his word that the newspaper could be published for a long time, or did he just promise to approve the newspaper one issue at a time?
					3. Would the students start protesting even more if the principal stopped the newspaper?
					4. When the welfare of the school is threatened, does the principal have the right to give orders to students?
					5. Does the principal have the freedom of speech to say "no" in this case?
					6. If the principal stopped the newspaper would he be preventing full discussion of important problems?
					7. Whether the principal's order would make Lim lose faith in the principal?
					8. Whether Lim was really loyal to his school and patriotic to his country?
					9. What effect would stopping the paper have on the student's education in critical thinking and judgment?
					10. Whether Lim was in any way violating the rights of others in publishing his own opinions?

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					11. Whether the principal should be influenced by some angry parents when it is the principal that knows best what is going on in the school?
					12. Whether Lim was using the newspaper to stir up hatred and discontent?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

RATING OF IMPORTANCE

*Most important statement _____ Second most important _____
 Third most important _____ Fourth most important _____

Section B: Please circle and rate how these situations are acceptable to you.

		Not Acceptable				Always Acceptable		
1.	An executive earning RM100,000 a year exaggerated his expense account by about RM3,000 a year.	1	2	3	4	5	6	7
2.	In order to increase profits of the firm, a general manager used a production process that exceeded legal limits for environmental pollution.	1	2	3	4	5	6	7
3.	Because of pressure from his brokerage firm, a share broker recommended a type of share that he did not consider to be a good investment.	1	2	3	4	5	6	7
4.	A small business received one-fourth of its gross revenue in the form of cash. The owner reported only one-half of the cash receipts for income tax purposes.	1	2	3	4	5	6	7
5.	A company paid a RM100 000 “consulting” fee to an official of a foreign country. In return, the official promised assistance in obtaining a contract that will produce RM5 million profits for the contracting company.	1	2	3	4	5	6	7
6.	A company Chairman found that a competitor had made an important scientific discovery, which would sharply reduce the profits of his own company. He then hired a key employee of the competitor in an attempt to learn the details of the discovery.	1	2	3	4	5	6	7
7.	A highway building contractor disapproved of the chaotic bidding situation and intense competition. He therefore reached an understanding with other major contractors to permit bidding which would provide a reasonable profit.	1	2	3	4	5	6	7
8.	A company director recognized that sending expensive Hari Raya gifts to clients’ purchasing officers might compromise their positions. However, he continued the policy since it was common practice and changing it might result in loss of business.	1	2	3	4	5	6	7
9.	A corporate director learned that his company intended to announce a share split and increase its dividend. On the basis of this information, he bought additional shares and sold them at a gain following the announcement.	1	2	3	4	5	6	7
10.	A corporate executive promoted a loyal friend and competent manager to the position of divisional Vice Chairman in preference to							

Appendix 1.3: Second Stage Questionnaire

		Not Acceptable				Always Acceptable		
	a better-qualified manager with whom he had no close personal ties.	1	2	3	4	5	6	7
11.	An engineer discovered what he perceived to be a product design flaw which constituted a safety hazard. His company declined to correct the flaw. The engineer decided to keep quiet, rather than taking his complaint outside the company.	1	2	3	4	5	6	7
12.	An accountant selected a legal method of financial reporting which would hide some embarrassing financial facts that would otherwise have become public knowledge.	1	2	3	4	5	6	7
13.	An employer received application for a supervisor's position from two equally qualified applicants but hired the male applicant because he thought that some employees might refuse being supervised by a female.	1	2	3	4	5	6	7
14.	As part of the marketing strategy for a product, the producers changed its colour and marketed it as 'new and improved', even though its other characteristics were unchanged.	1	2	3	4	5	6	7
15.	A cigarette manufacturer launched a publicity campaign challenging new evidence from the Ministry of Health office that cigarette smoking is harmful to the smoker's health.	1	2	3	4	5	6	7
16.	An owner of a small business firm obtained a free copy of copyrighted computer software program from a business friend rather than spending RM1 500 to obtain his own program from the software dealer.	1	2	3	4	5	6	7

Thank you for answering all questions.

Appendix 1.4: Third Stage Questionnaire

Dear participant,

This is the **third stage** of the research on ethical sensitivity and ethical judgement of Malaysian accounting students. This instrument takes about 40 minutes to complete and we hope you will carefully consider and **answer all questions**.

The completed forms will be retained by the researchers and although each participant can be identified from the number provided on the questionnaire, rest assured that the information contained therein will be held in safekeeping and not made available to any other person(s) or institutions. The data may be used for analysis but no personal information identifying any participant will be disclosed.

Should you require any additional information relating to the survey(s), do not hesitate to contact us using the following email address:

maisarah.mohamedsaat@postgrad.curtin.edu.au
Gordon.Woodbine@cbs.curtin.edu.au
Stacey.Porter@cbs.curtin.edu.au

Should you wish to lodge a complaint about any matter relating to this survey, please contact Secretary, Human Research Ethics Committee, Office of Research and Development, P.O. Box U1987, Perth WA 6845.

This survey exercise has been approved by the Curtin University Human Research Ethics Committee.

We thank you for your kind support.

Appendix 1.4: Third Stage Questionnaire

Consent Form

The following consent form is provided with respect to the survey instrument.

I understand that the instrument is to be used to assess aspects of my moral development over a period of my university education. I understand the researchers of the study will adhere to the University standards of confidentiality in the collection and handling of my personal information and that no related information will be provided or disclosed about me to other persons or institutions.

I have read the information sheet and understand the purpose of the study and have been given the opportunity to ask any related questions. I understand that I may withdraw from the study at any time.

I agree to participate in the study outlined to me.

Student IC No. :

Signature :

Date :

Appendix 1.4: Third Stage Questionnaire

I/C No:

						-			-				
--	--	--	--	--	--	---	--	--	---	--	--	--	--

CGPA: _____ (latest)

Section A: Please rate the importance of each statement using the scale below:

- (1) **GREAT** importance. This statement or question makes a big, crucial difference one way or the other in making a decision about the problem.
- (2) **MUCH** importance. This statement or question is something that a person should clearly be aware of (though not always a crucial one) one way or the other in making a decision about the problem.
- (3) **SOME** importance. This statement or question involves something you generally care about, but it is not of great importance in making a decision about the problem.
- (4) **LITTLE** importance. This statement or question is not very important to consider in making a decision about the problem.
- (5) **NO** importance. This statement or question is completely unimportant in making a decision. You would waste your time thinking about it when making a decision about the problem.

CASE 1

A woman was near death from a rare type of cancer. There was one medicine that doctors thought might save her. It was a form of radium that the medical researcher in the same town had recently discovered. The medicine was expensive to make, but the medical researcher was charging ten times what the medicine actually cost to make. He spent RM200 for the medicine formula and charged RM2,000 for a small dose of the medicine. The woman needed at least 60 doses to cure; thus needed to raise RM120,00 for the medicine. The sick woman's husband, Zahir, went to everyone he knew to borrow the money, but he could only raise about RM50,000, which is less than half of what they needed. He told the medical researcher that his wife was dying, and asked him to sell it cheaper or let him pay later. But the medical researcher said, "No, I discovered the medicine and I'm going to make money from it". So Zahir got desperate and began to think about breaking into the man's store to steal the medicine for his wife.

Task 1: Should Zahir steal the medicine?

☐ Should Steal ☐ Can't Decide ☐ Should not steal

Task 2: RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Whether a community's laws are going to be upheld?
					2. Isn't it only natural for a loving husband to care so much for his wife that he would steal?
					3. Is Zahir willing to risk getting shot as a burglar or going to jail for the chance that stealing the medicine might help?
					4. Whether Zahir is a professional wrestler, or has considerable influence with the professional wrestlers?
					5. Whether Zahir is stealing for himself or doing this solely to help someone else?
					6. Whether the medical researcher's rights to his invention have to be respected?

Appendix 1.4: Third Stage Questionnaire

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					7. Whether the essence of living is more encompassing than the termination of dying, socially and individually?
					8. What values are going to be the basis for governing how people act towards each other?
					9. Whether the medical researcher is going to be allowed to hide behind a worthless law which only protects the rich anyhow?
					10. How important is the law in this case when it interferes with the important needs of the members of society?
					11. Whether the medical researcher deserves to be robbed for being so greedy and cruel?
					12. Would stealing in such a case bring about more total good for the whole society or not?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

*Most important _____ Second most important _____
 Third most important _____ Fourth most important _____

CASE 2

A man had been sentenced to prison for 10 years. After one year, however, he escaped from prison, moved to another state, and took on the name of Karim. For eight years he worked hard, and gradually he saved enough money to buy his own business. He was fair to his customers, gave his employees top wages, and gave much of his own profits to charity. Then one day, Puan Salmah, an old neighbor, recognized him as the man who had escaped from prison eight years before and whom the police had been looking for.

Task 1: Should Puan Salmah report Karim to the police and have him sent back to prison?

☐ Should report him ☐ Can't decide ☐ Should not report him

Task 2: RATING OF IMPORTANCE

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	STATEMENTS
					1. Hasn't Karim been good enough for such a long time to prove he isn't a bad person?
					2. Everytime someone escapes punishment for a crime, doesn't that just encourage more crime?
					3. Wouldn't we be better off without prisons and the problems that our legal system often creates?
					4. Has Karim really paid his debt to society?
					5. Would society be failing what Karim should fairly expect?

Appendix 1.4: Third Stage Questionnaire

					6.What benefits would prisons be apart from society, especially for a charitable man?
					7.How could anyone be so cruel and heartless as to send Karim to prison?
					8.Would it be fair to all prisoners who had to serve out their full sentences if Karim was let off?
					9.Was Puan Salmah a good friend of Karim?
					10.Wouldn't it be a citizen's duty to report an escaped criminal, regardless of the circumstances?
					11.How would the will of the people and the public good best be served?
					12.Would going to prison do any good for Karim or protect anybody?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

*Most important _____ Second most important _____
 Third most important _____ Fourth most important _____

CASE 3

Lim, a senior in high school, wanted to publish a school newspaper for students so that he could express many of his opinions. He wanted to speak out against the use of foreign intervention in international disputes and to complain about some of the school's rules, like the rule of caning pupils in school. When Lim started his newspaper, he asked his principal for permission. The principal said it would be all right if before every publication Lim could turn in all his articles for the principal's approval. Lim agreed and turned in several articles for approval. The principal approved all of them and Lim published two issues of the paper in the next two weeks. But the principal had not expected that the newspaper would receive so much attention. Students were so excited by the paper that they began to organize protests against the caning regulation and other school rules. Angry parents objected to Lim's opinions. They phoned the principal telling him that the newspaper was unpatriotic and should not be published. As a result of the rising excitement, the principal ordered Lim to stop publishing. He gave as a reason that Lim's writings were disruptive to the operation of the school.

Task 1: Should the principal stop the newspaper?

☐ Should stop it ☐ Can't decide ☐ Should not stop it

Task 2: *RATING OF IMPORTANCE*

Great (1)	Much (2)	Some (3)	Little (4)	None (5)	<i>STATEMENTS</i>
					1.Is the principal more responsible to students or parents?
					2.Did the principal give his word that the newspaper could be published for a long time, or did he just promise to approve the newspaper one issue at a time?
					3.Would the students start protesting even more if the principal stopped the newspaper?

Appendix 1.4: Third Stage Questionnaire

					4. When the welfare of the school is threatened, does the principal have the right to give orders to students?
					5. Does the principal have the freedom of speech to say "no" in this case?
					6. If the principal stopped the newspaper would he be preventing full discussion of important problems?
					7. Whether the principal's order would make Lim lose faith in the principal?
					8. Whether Lim was really loyal to his school and patriotic to his country?
					9. What effect would stopping the paper have on the student's education in critical thinking and judgment?
					10. Whether Lim was in any way violating the rights of others in publishing his own opinions?
					11. Whether the principal should be influenced by some angry parents when it is the principal that knows best what is going on in the school?
					12. Whether Lim was using the newspaper to stir up hatred and discontent?

Task 3: Choose the 4 most important statements out of the 12 statements given in Task 2 and rate them in relative importance to the moral decision that you have made in Task 1.

*Most important _____ Second most important _____
 Third most important _____ Fourth most important _____

Section B: Please circle and rate how these situations are acceptable to you on a scale of 'Not Acceptable (1) to 'Always Acceptable (7).

		Not Acceptable				Most Acceptable			
1.	An executive earning RM100,000 a year exaggerated his expense account by about RM3,000 a year.	1	2	3	4	5	6	7	
2.	In order to increase profits of the firm, a general manager used a production process that exceeded legal limits for environmental pollution.	1	2	3	4	5	6	7	
3.	Because of pressure from his brokerage firm, a share broker recommended a type of share that he did not consider to be a good investment.	1	2	3	4	5	6	7	
4.	A small business received one-fourth of its gross revenue in the form of cash. The owner reported only one-half of the cash receipts for								

Appendix 1.4: Third Stage Questionnaire

		Not Acceptable				Most Acceptable		
	income tax purposes.	1	2	3	4	5	6	7
5.	A company paid a RM100 000 “consulting” fee to an official of a foreign country. In return, the official promised assistance in obtaining a contract that will produce RM5 million profits for the contracting company.	1	2	3	4	5	6	7
6.	A company Chairman found that a competitor had made an important scientific discovery, which would sharply reduce the profits of his own company. He then hired a key employee of the competitor in an attempt to learn the details of the discovery.	1	2	3	4	5	6	7
7.	A highway building contractor disapproved of the chaotic bidding situation and intense competition. He therefore reached an understanding with other major contractors to permit bidding which would provide a reasonable profit.	1	2	3	4	5	6	7
8.	A company director recognized that sending expensive Hari Raya gifts to clients’ purchasing officers might compromise their positions. However, he continued the policy since it was common practice and changing it might result in loss of business.	1	2	3	4	5	6	7
9.	A corporate director learned that his company intended to announce a share split and increase its dividend. On the basis of this information, he bought additional shares and sold them at a gain following the announcement.	1	2	3	4	5	6	7
10.	A corporate executive promoted a loyal friend and competent manager to the position of divisional Vice Chairman in preference to a better-qualified manager with whom he had no close personal ties.	1	2	3	4	5	6	7
11.	An engineer discovered what he perceived to be a product design flaw which constituted a safety hazard. His company declined to correct the flaw. The engineer decided to keep quiet, rather than taking his complaint outside the company.	1	2	3	4	5	6	7
12.	An accountant selected a legal method of financial reporting which would hide some embarrassing financial facts that would otherwise have become public knowledge.	1	2	3	4	5	6	7
13.	An employer received application for a supervisor’s position from two equally qualified applicants but hired the male applicant because he thought that some employees might refuse being supervised by a female.	1	2	3	4	5	6	7
14.	As part of the marketing strategy for a product, the producers changed its colour and marketed it as ‘new and improved’, even though its other characteristics were unchanged.	1	2	3	4	5	6	7
15.	A cigarette manufacturer launched a publicity campaign challenging a campaign by the Ministry of Health office that cigarette smoking is harmful to the smoker’s health.	1	2	3	4	5	6	7
16.	An owner of a small business firm obtained a free copy of copyrighted computer software program from a business friend rather than spending RM1 500 to obtain his own program from the software dealer.	1	2	3	4	5	6	7

Appendix 1.4: Third Stage Questionnaire

Section C: Please rate how each statement is true for you (✓) in the appropriate box):

	Statement	Never true	Rarely true	True once in while	Some times true	Often true	Almost always true	Always true
1.	I help others with their religious questions and concerns.							
2.	I seek out opportunities to help me grow spiritually.							
3.	I feel a deep sense of responsibility for reducing pain and suffering in the world.							
4.	I give significant portions of time and money to help other people.							
5.	I feel God(s)/Karma's presence in my relationship with other people.							
6.	My life is filled with meaning and purpose.							
7.	I care a great deal about economic and social inequalities and injustice in Malaysia and throughout the world.							
8.	I try to see political and social issues in the perspective of my faith/religion.							
9.	My life is committed to the God (or gods) I serve or have faith/belief in.							
10.	I talk with other people about my faith/belief.							
11.	I have a real sense that God(s)/Kharma's (or other referent point) is guiding me.							
12.	I am spiritually moved by the beauty of the God(s)/Kharma's (or other referent point) I serve or have faith/belief in.							

Section D: Practical/Industrial training experience

1. What types of assignment/work did you do?

Related to: (Total out of 100%)

Percentage (%)

Audit

Tax

Book-keeping

Administration

IT

Others: (Briefly explain)

Appendix 1.4: Third Stage Questionnaire

2. To what extent do you believe the practical training experience was of benefit to you?

	Rate from 'Not beneficial' (1) to 'Greatly beneficial' (7)						
	1	2	3	4	5	6	7
(i) Made me more aware of ethical dilemmas in the workplace.							
(ii) Improved my ability to make judgements about what is right or wrong.							

3. To what extent do you find these statements relevant from your practical training experience?

		True	Sometimes True	Not true
(i)	During my training experience, I was confronted with ethical dilemmas.			
(ii)	During my training experience I personally dealt with ethical dilemmas.			
(iii)	During my training experience I referred to others to resolve ethical dilemmas.			
(iv)	My exposure to an ethics course (or ethical exposure integrated in courses) at university helped me deal with ethical dilemmas during practical training by making me: (a) more aware of the ethical situation(s). (b) more confident in making a correct decision.			

4. (i) Briefly describe an ethical dilemma that you had difficulty dealing with during your practical training.

(ii) How did you deal with it?

Appendix 1.4: Third Stage Questionnaire

Section E: Please read the following scenarios

1. The Elderly Shareholder

You are the CEO of a company whose board of directors has just decided to cut the dividend to the shareholders. This is a matter of absolute confidentiality, as it could have a major effect on your share prices if the information gets out before implementation of the cut.

At a reception, you are approached by an elderly gentleman, who retired from the company several years ago. Virtually all of his savings and much of his retirement income comes from the company shares. He asks, point blank, whether he should sell some of his shares, in order to obtain some needed funds for living expenses. You know that he knows a "yes" answer will indicate some dramatic decision is going to happen, such as a decision to cut the dividend. If you tell him "no," he could lose considerable value on his share.

What is the likelihood you would say "Yes" to the elderly shareholder?

(Circle one of the following numbers along the continuum)

Definitely say "Yes" 1 2 3 4 5 6 7 Definitely say "no"

2. The System That Fails

You are an auditor in a firm that provides auditing, tax and consulting services. The firm has developed a package called the ACME Accounting System which is sold to the general public as well as the firm's clients. You are the auditor in charge of the field work on the ABC Berhad audit. During the course of this audit assignment, you are asked to evaluate the quality control of the accounting system which happens to be the ACME package. You are aware of some major control weaknesses in the ACME system. However, before rendering the management letter to ABC management, you are ordered by your boss to reduce the negative comments regarding the ACME package.

What is the likelihood of your amending the management letter?

(Circle one of the following numbers along the continuum)

Definitely say "Yes" 1 2 3 4 5 6 7 Definitely say "no"

3. The Fraud Chief Clerk

As the Purchasing Manager, you discovered that for the past 10 years, the chief clerk has been receiving "coffee money" from the suppliers amounted to RM250 000. As you asked around to confirm the scam, most employees said that they realized it but were afraid to report since the chief clerk was senior and somewhat fearsome. When confronted, the chief clerk admitted his mistake and was aware that you are likely to terminate his employment. He pleads for leniency and requests to be punished, but not terminated since he has 8 children to support and at the age of 52, is unlikely to find

Appendix 1.4: Third Stage Questionnaire

another job elsewhere. He has been with the company for 30 years and has also had good record of work performance. The employees are now waiting for your action and you do not want this incident to be a precedent in the company.

What is the likelihood of your exercising leniency in this case?

(Circle one of the following numbers along the continuum)

Definitely say "Yes" 1 2 3 4 5 6 7 Definitely say "no"

THANK YOU FOR ANSWERING ALL QUESTIONS

Appendix 1.5: Ethics Lecturer Questionnaire

Dear Professor/Lecturer,

Thank you for agreeing to assist me in my research into the moral development of Malaysian accounting students and how the education process in particular assists in this regard. The research involves my gaining an in-depth understanding of how ethics courses are conducted and managed at various universities and to aid this process I have prepared a questionnaire that I would appreciate your completing and returning to me.

The information below pertains to the ethics course that you are managing at present:

1. Number of students: _____
2. Course content: (Total out of 100%)

Accounting issues	_____ %
Management issues	_____ %
Ethics theories/philosophies	_____ %
Others	_____ %

The course content is (may tick more than 1):

- | | |
|--|--|
| | Self-designed |
| | Team work designed |
| | A minor modification of the work of others |
| | Subject to continuous modification |
| | Other (Please describe): _____ |
- _____

3. Your area of training and expertise (you may tick more than one item):

- | | |
|--|--------------------------------|
| | Accounting |
| | Management |
| | Ethics |
| | Others (please specify): _____ |

4. Experience in teaching the ethics course: _____ semester(s).

5. Describe the type of technology used to assist in the conduct of the unit.

Appendix 1.5: Ethics Lecturer Questionnaire

Please rate (tick one) the following statements using the scale below:

1.Always
true

2.Often
true

3.Sometimes true

4.True once in a
while

5.Rarely true

6.Never
true

	Statement	1	2	3	4	5	6
1.	I enjoy teaching ethics.						
2.	I feel comfortable teaching ethics.						
3.	I shoulder a big responsibility in promoting ethics and values to the students.						
4.	I am passionate about teaching ethics.						
5.	I am able to sensitize students to ethical issues e.g., I am able to help students distinguish between right and wrong.						
6.	I find that ethics lecturers have little impact on students' ethical perspectives.						
7.	I find that students' moral perspectives are influenced by their upbringing.						
8.	I find that students' moral perspectives are influenced by their culture.						
9.	I find that students' moral perspectives are influenced by their religion/religious teaching.						
10.	I find that the right teaching method is important in determining an effective ethics learning outcomes.						
11.	I invite students to share their understanding, knowledge and experience on ethical issues.						
12.	I am able to create an environment in class that encourages students to express their personal views on ethical issues.						
13.	I invite criticism on ethical theories from students.						
14.	My students actively participate in class discussions.						
15.	In my class I do the majority of talking.						
16.	I organise small group discussions in my class.						

Appendix 1.5: Ethics Lecturer Questionnaire

1.Always true 2.Often true 3.Sometimes true 4.True once in a while 5.Rarely true 6.Never true

	Statement	1	2	3	4	5	6
17.	I use case studies in my class.						
18.	Role-play is used in my class.						
19.	'News worthy issues' are discussed in my class.						
20.	'Everyday personal issues' are discussed in my class.						
21.	I find that students' attitudes towards their ethics class are important in achieving ethics class objectives.						
22.	Debating exercises are organised in my class covering a range of ethics topics.						
23.	Students in my class are encouraged to complete a personal journal in which they write their thoughts and experiences which they can share in class.						
24.	I regularly remind my students that the course is as much about developing sensitivity and moral reasoning ability as it is about gaining a high passing grade.						
25.	Assessment used accurately reflects students' performance in class.						
26.	Assessment used accurately measures the achievement of the class learning objectives.						
27.	I believe that a philosopher should take part in business ethics teaching.						
28.	I believe lecturers with an accounting background are best suited to teach ethics to accounting students.						
29.	I believe lecturers with business/management background are best suited to teach ethics to accounting students.						
30.	I believe that team teaching by both a philosopher and accounting/ management lecturers will benefit an ethics class.						
31.	I use experts/philosophers to help me with business ethics.						
32.	Text books used in this course are chosen based on their availability and affect the form and content of the unit outline.						

Appendix 1.5: Ethics Lecturer Questionnaire

33.	Text books are rarely used in my ethics class.						
34.	I provide an electronic forum to discuss and debate ethical issues on the web/internet.						
35.	I provide links to ethics websites and additional information on the internet for students to have extra readings on ethics.						

THANK YOU FOR ANSWERING ALL QUESTIONS

Appendix 1.6: Ethics course syllabi

This appendix recreates four ethics syllabi of sample universities analysed in the study. Some information has been excluded to maintain confidentiality (for example, name of lecturer, course code). Based on the content of the syllabi a generic list of major headings was devised to enable a comparison between syllabus. A summary of the comparison between the syllabi can be found in Table 7.3 with a detailed discussion found in Section 7.2, Chapter 7.

In general, there are limited similarities but numerous differences in the four syllabi. All ethics courses are taught for 42 hours per semester. The courses share the same approach taken, using lecture and case studies to discuss ethical issues and relying on main text notes. On the other hand, the four syllabi provide different coverage of content and are taught by either accounting and/or a management lecturer with different ranges of teaching ethics experience. Other than a lecture, the approach taken is different between universities, with for example one university emphasising stimulation. The syllabi also offers diverse course assessment and there are differences in the class sizes.

PUBLIC A

Name of course	Business Ethics		
Status	Core		
Level	Degree		
Credit Hours	3		
Pre-requisite	Commercial Law		
Method of Delivery	Lecture and tutorials (2 hours + 2 hours)		
Course Synopsis	This course introduces the relationship between business and society, social responsibility, business ethics, and the relationship between government and business. Issues on consumerism, ecology and environment and community are also discussed. Also included are aspects of managing and controlling the corporate social performance.		
Course Objectives/ Learning outcome	<p>At the end of this course, students should be able to:</p> <ol style="list-style-type: none"> 1. Explain the changing role of business in society, and be familiar with some of the business initiatives which demonstrate changing notions of business responsibility. 2. Have a basic understanding of ethical theory and be aware of the relevance of business ethics to all elements of functional business life. 3. Analyse case studies, demonstrating clear critical thinking and apply ethical theory to investigate the moral perspectives in the case. 4. Reach an ethical solution to business problems by exploring alternative answers, resolving factual issues, considering person and organizational impacts and apply ethical principles. 		
Course Assessment	Course Work:		40%
	Tests (2 tests)	20%	
	Quizzes	5%	
	Assignments – 6 Case Study + Presentations	<u>15%</u>	
	Final Exam		60%
Lecture Outline	<p>SOCIETY AND BUSINESS</p> <ul style="list-style-type: none"> - Introduction - Business relationship with social environment 		

Appendix 1.6: Ethics Course Syllabi

- Business role in society
- Problem in developing business social responsibility

SOCIAL RESPONSIBILITY

- Concept and social obligations
- Social responsibility debate
- Consideration regarding social responsibility
- Analytical approach to social responsibility

BUSINESS ETHICS

- Definition of ethics and business ethics
- Importance of business ethics
- Sources of problem in business ethics
- Reasoning of business ethics
- Methods to increase ethics in business
- Agency theory

GOVERNMENT AND BUSINESS

- Role of government in business
- Impact of the company's social responsibility to the government
- Relationship between business and politics, methods in influencing power of politics

CONSUMERISM

- Current issues on consumer
- Consumerism and mass media
- Consumer and laws
- Consumer and nutrition
- Consumer and health
- Consumer and infant nutrition crisis
- Issues on consumerism

ECOLOGY AND ENVIRONMENT

- Environmental Issues in business
- Business and environmental pollution
- Malaysian Laws of Pollution
- Business reaction towards environmental pollution

COMMUNITY AND BUSINESS

- Relationship of community and business
- Business response to the needs and problems of community
- Importance of social partnership between business and community

MANAGEMENT AND CORPORATE SOCIAL PERFORMANCE CONTROL

- Formulation of policies and cooperation's social strategy.
- Implementation of policies and social strategy
- Measurement and social performance report.

Appendix 1.6: Ethics Course Syllabi

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Appendix 1.6: Ethics Course Syllabi

PUBLIC B

Name of course	Business Ethics & Corporate Governance		
Status	Core		
Level	Degree		
Credit Hours	3		
Pre-requisite	-		
Method of Delivery	A combination of the following methods: <ul style="list-style-type: none"> • Lecture • Tutorial Student Centred Learning: case study, debate (ability to articulate ideas), role play, written reviews, problem-based learning.		
Course Synopsis	The course provides an understanding of the underlying ethical theories and philosophies, and values in individual, organizational, professional and society setting. The focus will be on the practical development		
Course Objectives/ Learning outcome	At the end of this course, students should be able to: <ol style="list-style-type: none"> 1. Demonstrate the comprehension of theories, concepts and philosophy ethics and corporate governance. 2. Recognise the ethical and governance issues that are critical in business environment. 3. Identify and analyse alternative courses of action relating to ethical dilemmas through moral reasoning. 4. Evaluate the impact of each alternative on the stakeholders. 5. Justify the most appropriate course of action. 		
Course Assessment/ Evaluation	Mid term examination	10%	
	Cases studies	15%	
	Quizzes	5%	
	Project paper + Presentations	<u>10%</u>	40%
	Final Exam		60%
Teaching Methodology	A combination of any of the following methods: <ul style="list-style-type: none"> • Lecture • Tutorial • Student Centered Learning <ul style="list-style-type: none"> ○ Case study (related cases including current events) ○ Debate – ability to articulate ideas ○ Presentation/project ○ Role play ○ Written reviews (movie reviews, articles and others) 		
Lecture Outline	UNDESTANDING BUSINESS ETHICS <ul style="list-style-type: none"> - The ethics environment for business - New expectations for businesses - The ethics environment for professional accountants MORAL REASONING IN BUSINESS <ul style="list-style-type: none"> - Islamic/religious perspective - Conventional philosophical approaches ETHICAL FRAMEWORK FOR BUSINESS ENVIRONMENT <ul style="list-style-type: none"> - Stakeholder impact analysis: a tool for assessing decisions and actions, decision making approaches - Developing a comprehensive ethical decision making framework 		

Appendix 1.6: Ethics Course Syllabi

GUIDELINES OF CODE OF ETHICS

- Professional accountants in the public interest
- Stakeholders expectation: accountability and governance

CORPORATE ETHICAL GOVERNANCE AND ACCOUNTABILITY: THE PROFESSION

- Emerging governance and accountability
- Framework to shareholders and other stakeholders
- Threats to good governance and accountability
- Key elements of corporate governance and accountability

WORKPLACE ETHICS

- Employee rights
- Bribery issues
- Corporate social responsibility

CORPORATE GOVERNANCE

- Definition of corporate governance
- The theories of governance
 - The agency theory
 - The transaction cost theory
 - The stakeholder theory
 - The stewardship theory

DEVELOPMENT OF CORPORATE GOVERNANCE

In Malaysia:

- The corporate governance reforms.
- The Malaysian Code of Corporate Governance
- Framework of Corporate Governance in Malaysia
 - Institutional
 - Regulatory bodies (i.e. Bursa Malaysia Bhd., Securities Commission, CCM, MASA, MICG, IIM)
 - Statutory

Around the world:

- The corporate governance in the UK
 - The Cadbury Report (1992)
 - The Greenbury Report (1995)
- The Corporate Governance in the US
 - The Sarbanes-Oxley Act (2002)
 - The OECD Principles of Corporate Governance
 - The International Federation of Accountants (IFAC)

THE BOARD OF DIRECTORS AND THE BOARD STRUCTURE

- The board committees

Appendix 1.6: Ethics Course Syllabi

References:

- Main Text* Brooks J. L.(2004). *Business & Professional Ethics for Directors, Executives, & Accountants*, (3rd ed.), Prentice Hall, New Jersey.
- Rashidah, A.R. Effective Corporate Governance, UPENA UiTM.
- Additional* Velasquez, M. G. (2002), *Business Ethics; Concepts and Cases*, (5th ed.), Prentice Hall, New Jersey.
- Annual Reports of Malaysian Companies

Appendix 1.6: Ethics Course Syllabi

PRIVATE D

Name of course	Professional Ethics		
Status	Core		
Level	Degree		
Credit Hours	3		
Pre-requisite	-		
Method of Delivery	Lecture and tutorials (2 hours + 2 hours)		
Course Synopsis	At the end of the course, students should be able to:		
Objectives/ Learning outcome	<ol style="list-style-type: none"> 1. recognise ethical issues surrounding the accounting profession. 2. get familiar with the codes of ethics related to accounting profession. 3. comprehend the moral philosophies to serve as guidelines in making ethical decisions. 4. justify the impact of decision making on various stakeholders. 		
Course Assessment/ Evaluation	Cases studies	15%	
	Assignments tutorials	<u>15%</u>	30%
	Final Exam		70%
Lecture Outline	<p>THE ETHICS ENVIRONMENT</p> <ul style="list-style-type: none"> - The credibility gap. - A new mandate for business. - The response by business. - Development in business ethics. - The ethics environment for professional accountants: The expectation gap. <p>THE ROLE OF PROFESSIONAL ACCOUNTANT</p> <ul style="list-style-type: none"> - Understanding the role of a professional accountant is critical. - The public's expectations. - Implications for services offered. - Judgment and values. - Sources of ethical guidance. <p>CODES OF CONDUCT</p> <ul style="list-style-type: none"> - Stake and role of professional accountants. - Professional accounting environment. - Professional codes of conduct. - Corporate / employer codes. - Issues not resolved in codes of conduct. <p>APPROACHES TO ETHICAL DECISION MAKING</p> <ul style="list-style-type: none"> - Stakeholder impact analysis. - Measurement of quantifiable impacts. - Assessment of non-quantifiable impacts. - Comprehensive decision making approaches. - Common problems. - Developing a more ethical action. <p>IMPORTANT ETHICAL ISSUES AND OPPORTUNITIES</p> <ul style="list-style-type: none"> - Conflicts of interest are unavoidable. - Ethical analysis of conflicts of interest. - Special problems facing professional accountants in management. 		

Appendix 1.6: Ethics Course Syllabi

Potential contribution by professional accountants to ethical issues.

References:

Main Text Brooks, Leonard J. (1995). *Professional ethics in accounting*. International Thomson Publishing.

Additional Maurice, Jack. (1996). *Accounting Ethics*. Pitman.

Northcott, P. (1994). *Ethics and the Accountants*. Prentice-Hall.

Appendix 1.6: Ethics Course Syllabi

PRIVATE E

Name of course Business Ethics

Status

Core

Level

Degree

Credit Hours

3

Pre-requisite

-

Method of

Lecture and tutorials

Delivery

Course

Synopsis

It is difficult to imagine an area of study that has greater importance to society or greater relevance to students than business ethics. Recent years have seen the newspaper filled with lurid stories of corporate misconduct and felonious behaviour by individual businesspeople. Business ethics has an interdisciplinary character. Questions of economics policy and business practice intertwine with issues in politics, sociology, and organizational questions in normative ethics and political philosophy mingle with analysis of practical problems and concrete moral dilemmas. Furthermore, business ethics is not just an academic study but also an invitation to reflect on our own values and our own responses to the hard moral choices that the world business can pose.

Course

Objectives/

Learning

outcome

At the end of this course, students should be able to:

1. Be acquainted with ethical theories as they apply to business situations.
2. Be appreciate some of the major ethical issues with contemporary business, including issues with respect to managing people, managing money and managing information.
3. Have had support in the development of professional business standards and ethical integrity

Course

Assessment/

Evaluation

Test	20%	
Assignment	15%	
Tutorial	5%	
Project paper + Presentations	<u>20%</u>	60%
Final Exam		40%

Lecture

Outline

ETHICAL PRINCIPLES IN BUSINESS

- Utilitarianism weighing social costs and benefits
- Rights — the concept of right
- Justice and fairness
- Virtue
- Morality

ETHICS AND ETHICAL BEHAVIOR IN ORGANIZATION

- Sexual harassment
- Pay and promotional discrimination
- Employee privacy issues

ETHICAL DECISION MAKING

- Ethical decision framework
- Relativism to universalism
- Kohlberg's Model
- Obedience and individual responsibility

SOCIAL AND CORPORATE RESPONSIBILITY OF THE CORPORATION

- Corporate entities in relation to society
- Divergent views on the role of the corporate including works of

Appendix 1.6: Ethics Course Syllabi

Friedman

- Stakeholder theory
- Theories of corporate responsibility
- Multiple stakeholder analysis
- Whistle blowing

ETHICS IN THE MARKET

- Perfect competition
- Monopoly competition
- Oligopolistic competition
- Oligopolies and public policy

THE ETHICS OF CONSUMER PRODUCTION AND MARKETING

- The Due-Care Theory
- The Social costs view of the manufacturer's duties
- Advertising ethics

ETHICS IN ACCOUNTING AND FINANCE

- Fair and full disclosure
- Use of proprietary information
- Insider trading
- Professional independence
- Due diligence
- Conflict of interest

ETHICS AND THE ENVIRONMENT

- The greening of business
Environmental economics
- Ecology and consumers
- The ethics of pollution control
- The ethics of conserving depletable resources

EMERGING ISSUES IN BUSINESS ETHICS

- Individual versus societal rights
- Freedom of information

Appendix 1.6: Ethics Course Syllabi

References:

Main Text Velasquez, M. G. (2002), *Business Ethics: Concepts and Cases*, (5th ed.), Prentice Hall, New Jersey.

Additional Articles in related journals.

Appendix 3.1: An overview of recent development of ethics education in Malaysian accounting programs

Chapter 3, Section 3.1 refers to recent developments in accounting curriculum and that a high emphasis has been placed on ethics education in Malaysia. This appendix provides detail on the initiatives that have been put in place to improve ethics education.

In line with the nation's aspirations, the Guidelines on the Standard of Specific Disciplines at Bachelor Degree Level, issued recently by the Ministry of Higher Education Malaysia (MOHE), set the general standards and criteria for each education program (<http://apps.emoe.gov.my/qad/standards.html>). In the field of accounting, the ministry stated that the general goal is “to educate, build expertise and shape good character in line with the needs of the nation and the accountancy profession” (2005). Importantly, the possession and practice of ethical values is placed first on its list of priorities. This shows that MOHE is taking ethical issues seriously, particularly in the accounting profession in response to headlines about controversies in the profession, locally and internationally (Kaur, Ng, and Ishak 2007; Yatim 2007).

In its pursuit to become a leader in accounting education (The Star Online 2007), the MOHE has also appointed a special task force to review the accounting curriculum offered by public universities (CAPA Chronicle 2006). The task force which comprised academics, MIA and accounting stakeholders produced a report of the first assessment in year 2001 (also known as *Halatuju 1*) on accounting programs at public universities in Malaysia. In the area of ethics education and industrial training, it is recommended that Business Ethics is included as a core subject and industrial training as a major component to be pursued by the public universities, taking effect in 2002 (CAPA Chronicle 2006). However, there are no guidelines on how the ethics course or industrial training should be conducted, resulting in variations of the content of university programs. Thus some recommendations have not been implemented, such as the improvement of teaching and learning methodologies through interactive or student-centred learning (Ministry of Higher Education Malaysia 2006a). This is due to space, infrastructure and staff limitations. While the *Halatuju 1* does not apply to the private universities, some of them have taken steps to strengthen their ethics education by offering a Business Ethics course and providing opportunities for real work experience during the program.

Later, with the advent of International Education Standard (IES) 1-7, the MOHE called for a reassessment on accounting programs to raise their quality, to update the curriculum in meeting current needs, and to increase the effectiveness of the teaching and learning process (Ministry of Higher Education Malaysia 2006a). As a result, in year 2006, a Reassessment Report on Accounting Programme at Public Universities of Malaysia was issued and known as *Halatuju 2* (Malaysian Institute of Accountants 1999). *Halatuju 2* has a different approach in addressing ethics: it is suggested that ethics is embedded in all courses taught in accounting programs and a subject in Business Ethics and Corporate Governance is provided by the public universities. For ethics education, the recommendations will be

Appendix 3.1: An Overview of Recent Development of Ethics Education in Malaysian Accounting Programs

based on the IFAC Approaches to the Development and Maintenance of Professional Values, Ethics and Attitudes in Accounting Education Programs.

Halatuju 2 emphasised uniformity; the syllabus of every subject in the accounting program is outlined and to be implemented. In a formal ethics education *Halatuju 2* suggested a syllabus that include some theories and underlying ethical framework both from Islamic and Western perspectives. There seems to be an agreement that accounting students should learn the code of ethics related to the accounting profession. A new twist in *Halatuju 2* is the emphasis on Corporate Governance (CG), which covers theories relating to CG, its development in Malaysia, and the code of CG.

Appendix 4.1: The three versions of the Defining Issues Test

Chapter Four, section 4.2.1.2.1 examines and justifies the use of Rest's (1984) Defining Issues Test Short Version (DITSV). This Appendix summarises the six ethical stories from the DIT (point 1) and the DIT2 (point 2). The DITSV contains three stories and these are marked with an asterisk in point 1 below.

1. The original DIT contains six ethical dilemmas in a story format as summarised below

*Story 1: Heinz identifies a husband whose wife is dying from cancer. The husband, Heinz, has to decide whether to steal the medicine from a 'heartless' researcher who charges an unaffordable price for the new found medicine or let his wife suffer and die.

Story 2: Student Take-Over (Student) poses the question of whether students should take over the University administration building in protest against retaining an army program as a University course for sending students to the Vietnam War.

*Story 3: Escaped Prisoner (Prisoner) is about an ex-neighbour of an escaped prisoner who has been on the run for eight years. The ex-neighbour has to decide whether to report him to the police despite the fugitive's good deeds during his breakout.

Story 4: The Doctor's Dilemma (Doctor) tells the story of a patient who has only a few months to live and requests the doctor to 'accelerate' her death as she cannot stand the pain any longer.

Story 5: Webster is about a manager who fears hiring a good mechanic from a race that might turn customers away.

*Story 6: Newspaper is about the publication of a school's newspaper that raises concerns with a number of school rules and foreign intervention in international disputes which prompts other students to protest and results in parent anger. This dilemma is whether the school principal should stop the publishing of the newspaper.

2. The DIT2 includes the following stories:

Story 1: Famine is about the head of a poor family who has to decide whether to keep his family starving or steal food from the rich, cruel man who hides the food to hike the price up.

Story 2: Reporter sounds like The Escaped Prisoner (in DIT) but this is about a candidate running for Lieutenant who has a shop-lifting record.

Story 3: School Board is about the School Board Chairman who thought an open meeting to decide on which school to close would help in decision making, but the meeting turned out to be aggressive in nature.

Appendix 4.1: The Three Versions of the Defining Issues Test.

Story 4: Cancer, which is similar to The Doctor's Dilemma, is the story of a dying woman who wants the doctor to increase the dosage to end her pain and suffering.

Story 5: Demonstration is about whether students should demonstrate in the streets and disrupt daily routines in town to protest. They are against government action in sending the local army to watch over another country's instability.

Appendix 4.2: Comparison of the DIT and DIT2 ethical dilemmas

Section 4.2.1.2. in Chapter 4 briefly explained the differences between the DIT and DIT2. Appendix 4.1 also identified the differences in the stories. This appendix details those differences and further justifies why the DIT2 was not used in this study by explaining that many of the scenarios are not relevant in the Malaysian context.

In the Malaysian context, the DIT is seen to have a ‘stronger’ content over DIT2. While Famine (in DIT2) sounds like Heinz (DIT), the former is not a scenario that the research respondents may appreciate or imagine. Being very poor and in great hunger is no longer an issue in Malaysia as it is considered an upper middle income nation with GNI per capita at \$4960³¹. The Heinz story however is very close to the situation in Malaysia as cancer is among the leading cause of death and has been a major health problem in Malaysia.

In Reporter (DIT2) versus Escaped Prisoner (DIT), although both offenders have repented over their previous offences, the former is not considered a major dilemma as the initial charges were dropped. Conversely, in the latter story is considered a major dilemma as the Prisoner was sentenced to 10 years jail for his crimes and reporting the escapee will result in jail which will affect the community as employees would lose their jobs and charities would stop receiving donations.

In School Board, closing one high school is an unfamiliar scenario in Malaysia. High schools are mostly public schools, managed by the government, and thus ‘closing for financial reason’ would not be the case in Malaysia and makes it difficult for the respondents to picture. Newspaper is a more prevailing issue in Malaysia as it involves an issue of rights in voicing opinions but with the added expense of a protest. What would be debatable in the Malaysian education are the education system, current issues like caning in schools (Choong and Abdul Rahim 2007), the quality, content and delivery of curriculum, and a demand for more schools etc.

Demonstration illustrates the importance of social and ethical awareness among students over some political agenda or dispute. However, in Malaysia, the public is aware that students can be arrested and detained by the police under the Internal Security Act³² even for peaceful demonstrations, let alone an illegal demonstration and taking over a building. It is considered that Malaysian students would opt for a response of not demonstrating, thus reducing the relevance and validity of the responses. In a nutshell, it is important that stories are relevant for the students to have a ‘feel’ for the stories or able to put themselves in the situation to determine the importance of each item.

³¹ <http://www.doingbusiness.org/ExploreEconomies/EconomyCharacteristics.aspx>

³² http://shr.aaas.org/aaashran/alert.php?a_id=185

Appendix 4.2: Comparison of the DIT and DIT2 Ethical Dilemmas.

For the above reasons and those stated in Section 4.2.1.2 it was determined that the DIT2 had no more reliability or validity than the DIT and that the cost of implementing the DIT2 far outweighed any benefits. It was also concluded that the DITSV was appropriate for this research and the use of this version over the DIT does not reduce the reliability or validity of the data.

Appendix 4.3: Modification of faith maturity items

Section 4.2.1.3. in Chapter 4 briefly explained the multi-dimensional faith maturity scale, developed by Benson, Donahue and Erikson (1993), shown in the first column. This appendix details the modifications (second column) made on seven items to enhance clarity and to suit the nature of different religious affiliations in Malaysia.

Original item	Modified item	Note
I help others with their religious questions and struggles.	I help others with their religious questions and <i>concerns</i> .	Reworded for clarity.
I feel God's presence in my relationship with other people	I feel God(s)/ <i>Karma's</i> presence in my relationship with other people	To suit religion with Gods (i.e. Hinduism) and point of reference (i.e. Buddhism, Taoism)
I care a great deal about reducing poverty in the United States and throughout the world.	I care a great deal about <i>economic and social inequalities and injustice in Malaysia</i> and throughout the world.	To suit Malaysian context and accuracy.
I try to apply my faith to political and social issues.	I try to see political and social issues in the perspective of my faith/religion.	Reword the item for clarity.
My life is committed to the God I serve or have faith/belief in.	My life is committed to the God (<i>or gods</i>) I serve or have faith/belief in.	To suit religion with Gods (i.e. Hinduism) and point of reference (i.e. Buddhism, Taoism)
I talk with other people about my faith.	I talk with other people about my <i>faith/belief</i> .	Reword for clarity in the Malaysian context
I have a real sense that God is guiding me.	I have a real sense that God(s)/ <i>Kharma's</i> (or other referent point) is guiding me.	To suit religion with Gods (i.e. Hinduism) and point of reference (i.e. Buddhism, Taoism)
I am spiritually moved by the beauty of the God I serve or have faith/belief in.	I am spiritually moved by the beauty of the God(s) / <i>Kharma's</i> (or other referent point) I serve or have faith/belief in.	To suit religion with Gods (i.e. Hinduism) and point of reference (i.e. Buddhism, Taoism)

Appendix 4.4: An Examination of Literature on Effective Ethics Teaching

In Section 4.2.2, it is stated that the expertise of an ethics lecturer plays a major role in determining the effectiveness of an ethics course. The following discusses the issues of expertise relating to academic background, modelling behaviour, qualifications and skill and personal attitude towards teaching of ethics.

Academic background

Researchers in ethics teaching have differing opinions about who should best teach ethics (Leung and Cooper 1994; Morris 2001). Leung and Cooper (1994) argue that ethics should be taught by accountants as educators need to understand ethical dilemmas that impact on accounting professionals and can explain what impacts these issues can have with respect to the various stakeholders they affect..

On the other hand, Morris (2001) and Klein (1998) share the view that a business ethics course is a philosophic exploration into what may be meant by ethical behaviour in a business context and argue that the necessary condition for a successful ethics course is that it be taught by an expert in ethics. Like any other courses, Klein (1998) asserts that no one should teach ethics courses unless they have the necessary expertise. Ethics lecturers must be ready to respond to deep, difficult far reaching questions from the students. They must also have the ability to provide current and relevant examples and counterexamples and present imaginative proposals and hypotheses for discussion. According to Klein (1998), the expert cannot simply assume that people from different backgrounds know what is right for them in a particular situation. An ethics lecturer cannot assume that any answer is correct as a response nor leave it to the students to answer their questions. Klein goes on to state that since the word ‘business’ appears in the course title, faculty in general believe that people in business or who have a knowledge of business are in a position to teach business ethics courses but that this belief must be corrected. Academics and faculty need to understand that business ethics is a sub branch of ethics and is fundamentally a philosophy subject (Klein 1998). He claims that some ethics lecturers are unfamiliar with the rigors of philosophy, have a lack of training in philosophy and do not understand what it means to act ethically. Klein (1998) further claims that in many events, the business community can only explain what should ethically be done but do not give concrete reasons on the ‘why’. On the other hand, “philosophers are trained critical thinkers in the deep and persistent problems of ethics” and not everyone has that kind of expertise (p.367). Klein (1998) concluded that business ethics should be taught by a professional philosopher for the benefit of students.

Respondents to the IFAC survey viewed that ethics courses should be presented by accounting educators and ethics educators as a team (IFAC Information Paper 2006). This is consistent with Sims (2002) and Oddo (1997) who suggest a strong degree of cooperation and collaboration between business and philosophy lecturers in teaching ethics to students. This includes team teaching, joint research and attendance at conferences where both philosophy and practice are emphasised.

Section 4.2.2 explains the development of ethics lecturer questionnaire. Items are developed based on past literature, particularly item 27-30. This appendix

Appendix 4.4: An Examination of Literature on Effective Ethics Teaching.

details the literature that argues the importance of experience and expertise of ethics lecturer for effective ethics teaching.

Modelling Behaviour

Learning what is right often comes from observing the action of good people (Hill and Stewart 1999) and students are often influenced by the behaviour of educators, whom they believe to be qualified as their guidance in academia (Mintz 1995). Similarly, in the situation of an ethics class, students look up to their lecturers and may speculate about whether they practice what they preach. Thus, it is crucial for ethics lecturers as critical educators to look at their own position in teaching ethics; whether they are capable and comfortable with the subject. Lecturers should make it clear to students that they are not in fact ‘preachers’ of some particular ethical philosophy (as there are many), but ‘teachers’ in the sense that they desire to allow students to be exposed to a range of moral philosophic views that it is hoped will facilitate the improvement of their own reasoning processes in a business context. It is also important for lecturers to be able to distinguish between issues that are moral or non-moral in content and that they sensitise students to the matters that enable them to make these distinctions. At the same time, however, students usually seek moral direction on many issues and will expect their lecturers to demonstrate appropriate personal qualities whenever possible and set a good example in terms of attitude, beliefs and behaviour. Stakeholders in business believe that leaders are a model of ethical behaviour (IFAC Information Paper 2006); at the university level, ethics lecturers need to demonstrate behaviour they would like students to emulate (Sims 2002).

Qualifications and skills

The IFAC Information Paper (2006) reveals that survey respondents are inclined to agree that there is a lack of qualified or specifically trained ethics educators in accounting. Leung and Cooper (1994) argue that some accounting academics are reluctant to teach ethics or discuss ethics in class due to lack of knowledge and skills in ethics. In addition to qualifications, skills in teaching ethics can also be a factor in determining an effective outcome. In regards to teaching skills, an ethics lecturer should know how to manage and facilitate class discussions. This is because, unlike other classes, those students’ answers or views will often be based on a wide range of views including personal and emotive content. According to Petress (2003), lecturers of ethics classes must be approachable, supportive, respect students’ views and not stifle discussion. In order to make students comfortable discussing, the lecturers should rather be a friend than someone standing in front of the class outlining what should and not to do. To digest on ethical rules, students expect two way respect (Barone 2004), again this is another ethical traits that ethics lecturers should not forget. This will require a lecturer with relevant experience in teaching who are themselves willing to accept and acknowledge the views of others.

Personal attitude towards teaching of ethics

Among the critical success factors in teaching business ethics are the passion, interest and confidence that the lecturer has for ethics. These are attributes that appear to have attracted little research in the literature. Educators or lecturers have their own teaching philosophy; to teach ethics, the educators’ teaching philosophy must include their views on the importance of ethics in academia and would be an indicator of their passion and interest in teaching ethics and the belief

Appendix 4.4: An Examination of Literature on Effective Ethics Teaching.

that teaching ethics can improve students' ethicality. Educators have no choice; “moral educators (or miseducators) as creators of the hidden curriculum of the moral climate of the classroom” (Kohlberg 1981a: 1). Educators may lack self confidence in expressing their ethical views or may be uncertain with their own ethical standing. Thus, in teaching ethics classes, particularly to accounting students, lecturers must not only have the ability to manage and control the class but the confidence that they can convey ethical knowledge to students (Leung and Cooper 1994).

Appendix 5.1: Results of pre and post sensitivity scenarios between experiment and control group

In Section 5.7, the effect of an ethics course intervention on ethical sensitivity is analysed and the findings reported. The following table displays the results on the individual scenarios of pre and post ethics course between students undertaking an ethics courses and those who did not.

Brief description of scenarios			Results after an ethics course				Results with no ethics course			
			Mean [#]	Std. Dev.	Mean diff	Sig	Mean [#]	Std. Dev.	Mean diff	Sig
A	Pad expense account	Pre	3.28	1.703	.294	.019*	3.33	1.893	.825	.004**
		Post	2.98	1.631			2.51	1.351		
B	Exceed legal pollution limits	Pre	1.75	1.333	.008	.933	1.30	.654	-.561 ^α	.039*
		Post	1.74	1.239			1.86	1.817		
C	Recommend poor investment	Pre	2.33	1.370	.095	.371	1.74	.936	-.439 ^α	.033*
		Post	2.23	1.326			2.18	1.525		
D	Tax evasion	Pre	2.51	1.485	.179	.109	1.86	1.141	-.316 ^α	.104
		Post	2.33	1.403			2.18	1.255		
E	Bribing a foreign official	Pre	3.48	1.875	.618	.000**	3.65	2.031	.246	.402
		Post	2.86	1.669			3.40	1.841		
F	Stealing information	Pre	3.29	1.787	.407	.003**	2.67	1.662	-.386 ^α	.159
		Post	2.89	1.688			3.05	1.846		
G	Bidding scam	Pre	3.76	1.630	.262	.039*	3.95	1.931	.211	.473
		Post	3.50	1.678			3.74	1.737		
H	Gifts giving	Pre	3.70	1.603	.198	.092	4.19	1.726	.000	1.000
		Post	3.50	1.608			4.19	1.827		
I	Insider trading	Pre	3.84	1.692	.441	.000**	4.35	1.541	.123	.597
		Post	3.40	1.726			4.23	1.813		
J	Cronyism	Pre	3.16	1.786	.407	.001**	3.25	2.198	.105	.651
		Post	2.75	1.615			3.14	2.167		
K	Flaw cover-up	Pre	2.11	1.409	.042	.671	1.53	.889	-.351 ^α	.082
		Post	2.07	1.326			1.88	1.255		
L	Hide financial truth	Pre	3.05	1.785	.266	.038*	2.82	1.900	.105	.723
		Post	2.78	1.672			2.72	1.790		
M	Gender inequality	Pre	2.92	1.773	.228	.060	2.72	1.800	-.158 ^α	.563
		Post	2.69	1.526			2.88	1.670		
N	Unscrupulous marketing strategy	Pre	3.51	1.912	.490	.000**	3.37	2.118	-.140 ^α	.633
		Post	3.02	1.679			3.51	1.900		
O	Harmful campaign	Pre	2.97	1.997	.202	.154	2.37	2.110	-.632 ^α	.071
		Post	2.76	1.777			3.00	2.113		
P	Using illegal software	Pre	3.32	1.720	.179	.151	2.68	1.638	-.912 ^α	.001*
		Post	3.14	1.652			3.60	1.568		

* Significant at the 0.05 level (2-tailed). ** Significant at the 0.01 level (2-tailed).

[#]The means are based on a 7 point scale; ^α The increased means and negative mean differences show an increment of students' acceptability on questionable issues thus indicating a decreased level of ethical sensitivity.

Students who attended an ethics course have significantly improved in eight scenarios particularly in scenarios related to bribing a foreign official, stealing

Appendix 5.1: Results of Pre and Post Sensitivity Scenarios between the Experiment and Control Group.

information, insider trading and unscrupulous marketing strategy. In contrast, students not attending any ethics course experienced declining level of ethical sensitivity in nine scenarios where three of them are significant. The pre and post ethics course of students with no ethics course refers to the completion of the pre and post questionnaire at similar times to students undertaking an ethics course and not to the actual completion of an ethics course.

Appendix 5.2: Results of pre and post sensitivity scenarios between type of institution

In Section 5.7.3, the effect of types of institutions on the development of ethical sensitivity is analysed based on individual scenarios. The following table displays the results of pre and post ethics course between Public and Private Institution students.

Brief description of scenarios			Public				Private			
			Mean ^b	Std. Dev.	Mean diff	Sig	Mean ^b	Std. Dev.	Mean diff	Sig
A	Pad expense account	Pre	3.26	.143	.465	.006**	3.30	1.591	.047	.804
		Post	2.80	1.703			3.25	1.486		
B	Exceed legal pollution limits	Pre	1.46	.088	.045	.684	2.18	1.516	-.047 ^α	.763
		Post	1.41	.078			2.22	1.416		
C	Recommend poor investment	Pre	2.19	.099	.269	.047*	2.52	1.532	-.159 ^α	.351
		Post	1.92	.096			2.68	1.378		
D	Tax evasion	Pre	2.29	.113	.439	.001**	2.83	1.539	-.196 ^α	.293
		Post	1.85	.091			3.03	1.463		
E	Bribing a foreign official	Pre	3.27	.154	.839	.000**	3.79	1.775	.299	.150
		Post	2.43	.131			3.49	1.526		
F	Stealing information	Pre	3.01	.142	.673	.000**	3.71	1.721	.019	.936
		Post	2.33	.120			3.69	1.628		
G	Bidding scam	Pre	3.68	.135	.397	.018*	3.88	1.540	.065	.737
		Post	3.28	.137			3.81	1.579		
H	Gift giving	Pre	3.72	.133	.378	.014*	3.67	1.516	-.065 ^α	.737
		Post	3.34	.136			3.74	1.436		
I	Insider trading	Pre	3.74	.150	.455	.005**	3.97	1.384	.421	.017*
		Post	3.29	.147			3.55	1.543		
J	Cronyism	Pre	2.78	.143	.442	.005**	3.72	1.630	.355	.102
		Post	2.33	.117			3.36	1.645		
K	Flaw cover-up	Pre	1.69	.090	.096	.374	2.73	1.545	-.037 ^α	.839
		Post	1.59	.076			2.77	1.483		
L	Hide financial truth	Pre	2.69	.138	.077	.625	3.58	1.749	.542	.013*
		Post	2.61	.136			3.04	1.607		
M	Gender inequality	Pre	2.93	.145	.359	.024*	2.91	1.724	.037	.843
		Post	2.57	.119			2.87	1.573		
N	Unscrupulous marketing	Pre	3.26	.158	.590	.002**	3.87	1.765	.346	.095
		Post	2.67	.137			3.52	1.494		
O	Harmful campaign	Pre	2.40	.143	.218	.232	3.79	2.003	.178	.432
		Post	2.18	.132			3.62	1.617		
P	Using illegal software	Pre	2.96	.132	.237	.157	3.84	1.700	.093	.614
		Post	2.72	.127			3.60	1.568		

** Significant at the 0.01 level (2-tailed). * Significant at the 0.05 level (2-tailed).

^b The means are based on a 7 point scale

^α The increased means and negative mean differences show an increment of students' acceptability on questionable issues thus indicating a decreased level of ethical sensitivity.

Results show that students in public universities have significantly improved in their ethical sensitivity in 11 scenarios particularly involving padding expense

Appendix 5.2: Results of Pre and Post Sensitivity Scenarios between Type of Institution.

account, tax evasion, bribing a foreign official, stealing information, insider trading, cronyism and unscrupulous marketing strategy. Meanwhile students in privates decline in their sensitivity but not significant.

Appendix 5.3: Results of sensitivity scenarios after practical training

In Section 5.8.2, the effect of practical training on the development of ethical sensitivity is analysed based on individual scenarios. The following table illustrates the results of pre and post of student in the experiment group. Students have a declining level of sensitivity in 12 scenarios and the decline is particularly significant in a scenario involving stealing information. Students' sensitivity improved in the other four scenarios but they are not significant.

		Pre	Post	Mean diff	Std. dev	Sig.
A	Pad expense account	2.93	2.70	.234	1.863	.157
B	Exceed legal pollution limits	1.60	1.73	-.125 ^α	1.485	.343
C	Recommend poor investment	2.04	2.31	-.273 ^α	1.692	.070
D	Tax evasion	2.05	2.22	-.172 ^α	1.646	.240
E	Bribing a foreign official	2.71	2.94	-.242 ^α	1.881	.148
F	Stealing information	2.51	2.86	-.352 ^α	1.742	.024*
G	Bidding scam	3.43	3.38	.055	1.941	.750
H	Gift giving	3.63	3.82	-.188 ^α	1.902	.267
I	Insider trading	3.40	3.57	-.172 ^α	1.985	.329
J	Cronyism	2.59	2.76	-.164 ^α	1.822	.310
K	Flaw cover-up	1.84	1.95	-.177 ^α	1.634	.419
L	Hide financial truth	2.69	2.80	-.177 ^α	2.169	.542
M	Gender inequality	2.70	2.87	-.172 ^α	1.887	.305
N	Unscrupulous marketing strategy	3.02	2.84	.172	2.028	.339
O	Harmful campaign	2.41	2.38	.039	2.013	.827
P	Using illegal software	2.95	3.20	-.250 ^α	1.739	.106

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

^α Mean increased indicating a declining level of sensitivity

Appendix 5.4: Cross tabulation on academic performance and religious affiliation

In Section 5.7.4 of Chapter 5, there appears to be some relationships between religious affiliation and academic performance as findings show that Muslim students improved significantly in ethical sensitivity and students in good and average category also demonstrate significant improvement in the ethical process. This may be due to Muslim students who are mainly good and average achievers as shown in the following table where almost half of Muslims are also in the Average category of academic performance as compared to their counterparts

	Islam	Buddhism	Other religion
<i>Excellent</i>	15.5%	31.8%	15.4%
<i>Good</i>	27.6%	43.2%	35.4%
<i>Average</i>	43.8%	20.5%	27.7%
<i>Low</i>	13.1%	4.5%	21.5%

Appendix 5.5: Results of Mean Sensitivity for Students Attending Ethics Course and Practical Training

Appendix 5.5: Results of mean sensitivity for students attending ethics course and practical training

In section 5.8.3, students who attended both interventions of an ethics course and practical training, show a declining level of ethical sensitivity. The following table illustrates the results.

Paired t-test of students attended ethics course and practical training (n=125)						
	Mean	Std. Dev.	Mean diff.	Std. Dev.	t	Sig.
Pre practical training	2.6486	.89767	-.09694	.86216	-1.257	.211
Post practical training	2.7455	.90345				

Appendix 6.1: Cross Tabulation on Personal and Academic Factors on Initial Decisions of DIT Cases

In Chapter 6 Section 6.1, the pre-ethics course responses include initial judgements that a student would take in regard to each DIT dilemma. The Pearson Correlation of cross tabulation (refer Table 1) show the differences between religious affiliation, faith maturity, type of institution and gender in students' initial decision on the DIT cases. In case 1, Chi-Square results show that there is some relationship within religious affiliation at the $p < 0.05$. The majority of Muslim students were inclined to think that Zahir should steal while Buddhists and students from the 'Other religion' group were divided in their opinions. The results also reveal that more students from public universities thought Zahir should steal, while slightly more males seem to think that Zahir should steal.

The results of cross tabulation shown in Table 1 are further explained in Table 2 which reports the percentage of responses in all three cases. Results in Table 2 also show that in case 2, students are almost evenly divided between whether or not the escaped prisoner should or should not be reported (including cannot decide) within religious affiliation, type of faith maturity, type of institution and gender. In case 3, students seem to have divided opinions on whether the Newspaper should or should not proceed but within faith maturity, students in Cluster 3 are inclined to agree that it should proceed.

The following tables report the results.

Table 1: Chi square analysis describing the difference between religious affiliation, faith maturity, type of institution and gender on the initial decision making of DIT cases

	Case 1	Case 2	Case 3
Religious affiliation	.000**	.393	.048*
Faith maturity	.101	.045*	.051
Type of institution	.023*	.280	.006**
Gender	.017*	.294	.693

Appendix 6.1: Cross Tabulation on Personal and Academic Factors on Initial decisions of DIT Cases.

Table 2: Descriptive (percentage) analysis describing the difference between religious affiliation, faith maturity, type of institution and gender on the initial decision making of DIT cases

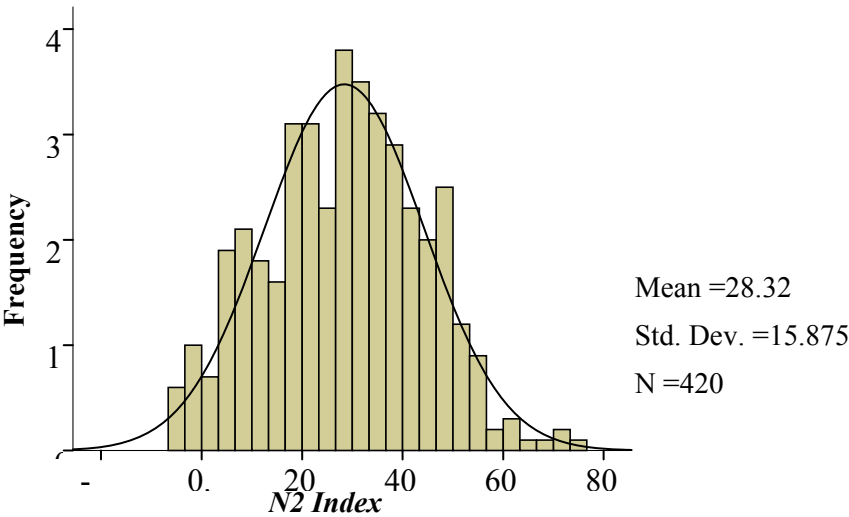
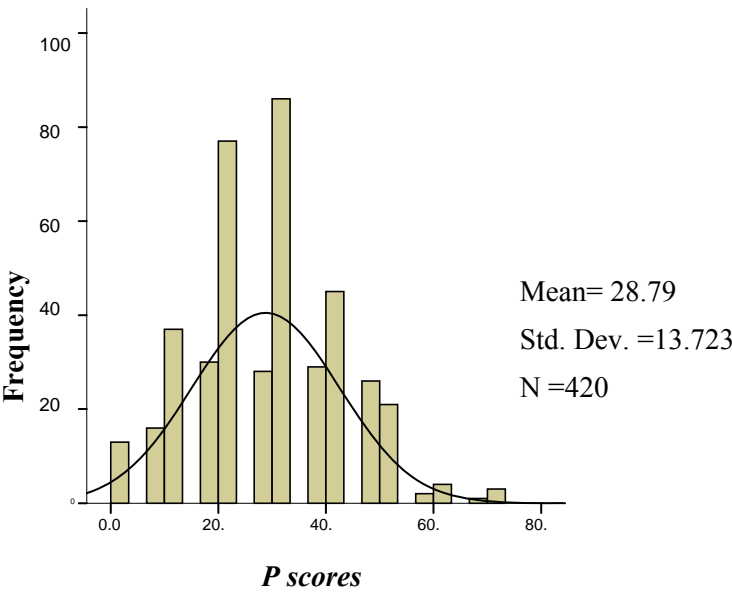
VAR	CASE 1			CASE 2			CASE 3		
	Should not steal	Can't decide	Should steal	Should report	Can't decide	Should not	Should stop	Can't decide	Should not stop
RELIGIOUS AFFILIATION									
<i>Islam</i>	17.0%	10.1%	72.9%	35.3%	19.9%	44.8%	51.0%	14.3%	34.7%
<i>Buddhist</i>	32.1%	25.0%	42.9%	25.0%	16.1%	58.9%	41.5%	3.8%	54.7%
<i>Other group</i>	21.4%	21.4%	57.1%	33.3%	16.7%	50.0%	50.0%	13.2%	36.8%
FAITH MATURITY									
<i>Cluster1</i>	17.9%	9.8%	72.4%	30.9%	20.3%	48.8%	46.3%	14.0%	39.7%
<i>Cluster2</i>	26.4%	17.4%	56.2%	24.0%	24.0%	52.1%	43.1%	14.7%	42.2%
<i>Cluster3</i>	16.0%	12.3%	71.6%	45.7%	16.0%	38.3%	66.3%	5.0%	28.8%
<i>Cluster4</i>	15.3%	11.8%	72.9%	40.0%	15.3%	44.7%	50.6%	13.3%	36.1%
TYPE OF INSTITUTION									
<i>Public</i>	14.5%	11.2%	74.3%	32.9%	24.3%	42.8%	53.9%	15.8%	30.3%
<i>Private</i>	28.4%	11.2%	60.3%	31.0%	15.5%	53.4%	43.4%	5.7%	50.9%
<i>Control</i>	17.3%	16.7%	66.0%	36.0%	18.0%	46.0%	50.0%	14.7%	35.3%
GENDER									
Male	60.0%	10.5%	29.5%	30.5%	15.8%	53.7%	46.7%	12.2%	41.3%
Female	69.9%	13.5%	16.6%	34.2%	20.7%	45.1%	50.3%	12.8%	36.9%

** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

Appendix 6.2: Ethical Judgement Making Ability: Normal Distribution of p-scores and N2 Index

The following Histogram graphs illustrate the distributions of the p-score and N2 Index scores. The N2 Index demonstrates a more normal distribution and this is explained in Chapter 6 Section 6.1 and the calculations are examined in Section 6.3.



Appendix 6.3: Correlation table between age and p-score

Appendix 6.3: Correlation table between age and p-score

In Chapter 6 Section 6.2, factors influencing ethical judgement making ability are examined and age is found to have no relationship with ethical judgement making ability in all phases of data collection as illustrated in the following table.

		Phase 1	Phase 2	Phase 3
Age	Pearson Correlation	.055	-.019	.079
	Sig. (2-tailed)	.226	.737	.315

Appendix 7.1: Ethics lecturers' feedback from sample universities

In order to understand perceptions and teaching practices, six lecturers from the sample Universities responded to a questionnaire designed for this study. The original survey can be found in Appendix 1.6 with the responses to that survey shown in the following table in this appendix. Section 7.1.2.2 of Chapter 7 discusses the responses by ethics lecturers (responses in percentage are shown followed by frequencies in brackets by ethics lecturers in sample universities).

1.Always true	2.Often true	3.Sometimes true	4.True once in a while	5.Rarely true	6.Never true
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	Statement	1	2	3	4	5	6
1.	I enjoy teaching ethics.	83.3 (5)	16.7 (1)	0	0	0	0
2.	I feel comfortable teaching ethics.	83.3 (5)	16.7 (1)	0	0	0	0
3.	I shoulder a big responsibility in promoting ethics and values to the students.	66.7 (4)	33.3 (2)	0	0	0	0
4.	I am passionate about teaching ethics.	66.7 (4)	33.3 (2)	0	0	0	0
5.	I am able to sensitize students to ethical issues e.g., I am able to help students distinguish between right and wrong.	33.3 (2)	50.0 (3)	16.7 (1)	0	0	0
6.	I find that ethics lecturers have little impact on students' ethical perspectives.	0	20.0 (1)	20.0 (1)	20.0 (1)	20.0 (1)	20.0 (1)
7.	I find that students' moral perspectives are influenced by their upbringing.	60.0 (3)	40.0 (2)	0	0	0	0
8.	I find that students' moral perspectives are influenced by their culture.	20.0 (1)	80.0 (4)	0	0	0	0
9.	I find that students' moral perspectives are influenced by their religion/religious teaching.	33.3 (2)	66.7 (4)	0	0	0	0
10.	I find that the right teaching method is important in determining an effective ethics learning outcomes.	66.7 (4)	33.3 (2)	0	0	0	0
11.	I invite students to share their understanding, knowledge and experience on ethical issues.	50.0 (3)	50.0 (3)	0	0	0	0
12.	I am able to create an environment in class that encourages students to express their personal views on ethical issues.	60.0 (3)	40.0 (2)	20.0 (1)	0	0	0
13.	I invite criticism on ethical theories from students.	66.7 (4)	33.3 (2)	0	0	0	0
14.	My students actively participate in class discussions.	50.0 (3)	33.3 (2)	0	16.7 (1)	0	0
15.	In my class I do the majority of talking.	0	33.3 (2)	33.3 (2)	16.7 (1)	16.7 (1)	0
16.	I organise small group discussions in my class.	60.0 (3)	40.0 (2)	0	0	0	0

Appendix 7.1: Ethics Lecturers' Feedback From Sample Universities

17.	I use case studies in my class.	83.3 (5)	16.7 (1)	0	0	0	0
18.	Role-play is used in my class.	50.0 (3)	16.7 (1)	16.7 (1)	16.7 (1)	0	0
19.	'News worthy issues' are discussed in my class.	83.3 (5)	16.7 (1)	0	0	0	0
20.	'Everyday personal issues' are discussed in my class.	50.0 (3)	0	16.7 (1)	0	33.3 (2)	0
21.	I find that students' attitudes towards their ethics class are important in achieving ethics class objectives.	83.3 (5)	16.7 (1)	0	0	0	0
22.	Debating exercises are organised in my class covering a range of ethics topics.	0	66.7 (4)	16.7 (1)	16.7 (1)	0	0
23.	Students in my class are encouraged to complete a personal journal in which they write their thoughts and experiences which they can share in class.	16.7 (1)	0	50.0 (3)	0	16.7 (1)	16.7 (1)
24.	I regularly remind my students that the course is as much about developing sensitivity and moral reasoning ability as it is about gaining a high passing grade.	33.3 (2)	16.7 (1)	33.3 (2)	0	0	16.7 (1)
25.	Assessment used accurately reflects students' performance in class.	16.7 (1)	66.7 (4)	16.7 (1)	0	0	0
26.	Assessment used accurately measures the achievement of the class learning objectives.	16.7 (1)	66.7 (4)	16.7 (1)	0	0	0
27.	I believe that a philosopher should take part in business ethics teaching.	16.7 (1)	33.3 (2)	16.7 (1)	33.3 (2)	0	0
28.	I believe lecturers with an accounting background are best suited to teach ethics to accounting students.	16.7 (1)	33.3 (2)	16.7 (1)	16.7 (1)	16.7 (1)	0
29.	I believe lecturers with business/management background are best suited to teach ethics to accounting students.	0	0	66.7 (4)	16.7 (1)	16.7 (1)	0
30.	I believe that team teaching by both a philosopher and accounting/ management lecturers will benefit an ethics class.	50.0 (3)	33.3 (2)	0	16.7 (1)	0	0
31.	I use experts/philosophers to help me with business ethics.	0	16.7 (1)	16.7 (1)	16.7 (1)	50.0 (3)	0
32.	Text books used in this course are chosen based on their availability and affect the form and content of the unit outline.	33.3 (2)	50.0 (3)	0	16.7 (1)	0	0
33.	Text books are rarely used in my ethics class.	0	0	16.7 (1)	0	0	83.3 (5)
34.	I provide an electronic forum to discuss and debate ethical issues on the web/internet.	16.7 (1)	16.7 (1)	0	0	16.7 (1)	50.0 (3)
35.	I provide links to ethics websites and additional information on the internet for students to have extra readings on ethics.	16.7 (1)	0	50.0 (3)	16.7 (1)	0	16.7 (1)

Appendix 7.2: Feedback from ethics lecturers in sample and non sampled universities

To enhance an understanding of the perceptions and teaching practices and ensure that there is no bias from the perception of ethics lecturers in the sample universities, the perceptions from an additional six lecturers from Universities (not included in the sample for this study) are also sought. The original survey can be found in Appendix 1.6 with the responses to that survey shown in the following table in this appendix. Section 7.2.2 of Chapter 7 discusses the responses by these ethics lecturers, both teaching the ethics course in the sample universities and not in the sample (responses in percentage are shown followed by frequencies in brackets). The responses of all twelve ethics lecturers did not differ significantly as compared to the responses made by the six lecturers from the sample universities.

1.Always true	2.Often true	3.Sometimes true	4.True once in a while	5.Rarely true	6.Never true
---------------	--------------	------------------	------------------------	---------------	--------------

	Statement	1	2	3	4	5	6
1.	I enjoy teaching ethics.	75.0 (9)	16.7 (2)	8.3 (1)	0	0	0
2.	I feel comfortable teaching ethics.	58.3 (7)	16.7 (2)	25.0 (3)	0	0	0
3.	I shoulder a big responsibility in promoting ethics and values to the students.	75.0 (9)	25.0 (3)	0	0	0	0
4.	I am passionate about teaching ethics.	50.0 (6)	33.3 (4)	16.7 (2)	0	0	0
5.	I am able to sensitize students to ethical issues e.g., I am able to help students distinguish between right and wrong.	33.3 (4)	16.7 (2)	50.0 (6)	0	0	0
6.	I find that ethics lecturers have little impact on students' ethical perspectives.	0	36.4 (4)	18.2 (2)	18.2 (2)	18.2 (2)	9.1 (1)
7.	I find that students' moral perspectives are influenced by their upbringing.	25.0 (3)	72.7 (8)	0	0	0	0
8.	I find that students' moral perspectives are influenced by their culture.	8.3 (1)	72.7 (8)	16.7 (2)	0	0	0
9.	I find that students' moral perspectives are influenced by their religion/religious teaching.	6.7 (2)	75.0 (9)	8.3 (1)	0	0	0
10.	I find that the right teaching method is important in determining an effective ethics learning outcomes.	58.3 (7)	33.3 (4)	8.3 (1)	0	0	0
11.	I invite students to share their understanding, knowledge and experience on ethical issues.	50.0 (6)	50.0 (6)	0	0	0	0
12.	I am able to create an environment in class that encourages students to express their personal views on ethical issues.	41.7 (5)	41.7 (5)	16.7 (2)	0	0	0

Appendix 7.2: Feedback From Ethics Lecturers in Sample and Non Sampled Universities

13.	I invite criticism on ethical theories from students.	50.0 (6)	33.3 (4)	16.7 (2)	0	0	0
14.	My students actively participate in class discussions.	33.3 (4)	33.3 (4)	16.7 (2)	16.7 (2)	0	0
15.	In my class I do the majority of talking.	8.3 (1)	50.0 (6)	25.0 (3)	8.3 (1)	8.3 (1)	0
16.	I organise small group discussions in my class.	41.7 (5)	16.7 (2)	33.3 (4)	0	0	0
17.	I use case studies in my class.	66.7 (8)	25.0 (3)	8.3 (1)	0	0	0
18.	Role-play is used in my class.	33.3 (4)	16.7 (2)	36.4 (4)	16.7 (2)	0	0
19.	'News worthy issues' are discussed in my class.	66.7 (8)	33.3 (4)	0	0	0	0
20.	'Everyday personal issues' are discussed in my class.	33.3 (4)	8.3 (1)	41.7 (5)	16.7 (2)	0	0
21.	I find that students' attitudes towards their ethics class are important in achieving ethics class objectives.	50.0 (6)	50.0 (6)	0	0	0	0
22.	Debating exercises are organised in my class covering a range of ethics topics.	25.0 (3)	33.3 (4)	33.3 (4)	8.3 (1)	0	0
23.	Students in my class are encouraged to complete a personal journal in which they write their thoughts and experiences which they can share in class.	8.3 (1)	8.3 (1)	50.0 (6)	8.3 (1)	8.3 (1)	16.7 (2)
24.	I regularly remind my students that the course is as much about developing sensitivity and moral reasoning ability as it is about gaining a high passing grade.	33.3 (4)	33.3 (4)	25.0 (3)	0	0	8.3 (1)
25.	Assessment used accurately reflects students' performance in class.	16.7 (2)	58.3 (7)	25.0 (3)	0	0	0
26.	Assessment used accurately measures the achievement of the class learning objectives.	16.7 (2)	58.3 (7)	25.0 (3)	0	0	0
27.	I believe that a philosopher should take part in business ethics teaching.	8.3 (1)	33.3 (4)	41.7 (5)	16.7 (2)	0	0
28.	I believe lecturers with an accounting background are best suited to teach ethics to accounting students.	8.3 (1)	41.7 (5)	25.0 (3)	8.3 (1)	18.2 (2)	0
29.	I believe lecturers with business/management background are best suited to teach ethics to accounting students.	25.0 (3)	16.7 (2)	41.7 (5)	8.3 (1)	8.3 (1)	0
30.	I believe that team teaching by both a philosopher and accounting/ management lecturers will benefit an ethics class.	33.3 (4)	41.7 (5)	8.3 (1)	16.7 (2)	0	0
31.	I use experts/philosophers to help me with business ethics.	0	8.3 (1)	25.0 (3)	25.0 (3)	33.3 (4)	8.3 (1)
32.	Text books used in this course are chosen based on their availability and affect the form and content of the unit outline.	25.0 (3)	25.0 (3)	25.0 (3)	8.3 (1)	16.7 (2)	0
33.	Text books are rarely used in my ethics class.	9.1 (1)	0	27.3 (3)	0	16.7 (2)	50 (6)

Appendix 7.2: Feedback From Ethics Lecturers in Sample and Non Sampled Universities

34.	I provide an electronic forum to discuss and debate ethical issues on the web/internet.	41.7 (5)	8.3 (1)	0	8.3 (1)	16.7 (2)	18.2 (3)
35.	I provide links to ethics websites and additional information on the internet for students to have extra readings on ethics.	16.7 (2)	16.7 (2)	25.0 (3)	16.7 (2)	10 (1)	16.7 (2)

Appendix 7.3: Students' Feedback on Ethical Experience During Practical Training

Appendix 7.3: Students' feedback on ethical experience during practical training

In section 7.2, students' responses on their ethical experiences during practical training are reported. In the 3rd phase questionnaire, students were asked to briefly describe an ethical dilemma that they had difficulty dealing with during practical training and then explained how they would deal with it. The table below details the responses from the 59 students that completed this section of the survey.

S1 -S59: Student identification

	Description of Dilemma	Response to how student would deal with the dilemma
S1	Clients asked for private and confidential matter	Refer to top management and try to avoid involve with such matter
S2	Colleagues are unfriendly and manager discriminates against races	
S3	Either to make decisions based on the best interest of clients, or otherwise	Refers to colleagues or seniors
S4	Invited to lunch by clients while doing audit, this common practice among staff	
S5	Supervisors asked to modify the accounts, did not know the purpose	Refer to more experienced colleagues but answers is vague
S6	Sometimes the employer asked me to modify the accounts to fulfil his need. Employer does not have adequate experience in accounting. So I faced a problem in obeying him or follow my principle	(What I did was) I explained as polite as possible and try to make my employer understand what should be done. Soon he understood and offer comments and I would normally consider his suggestions
S7	Unethical instruction from the boss, for example, he asked me to create a non-existence account, it's a dilemma whether to follow or not	I pursue his instruction as I think I am not responsible for the unethical act
S8	Boss tell us to audit free of charge of his relative's company	I follow
S9	Often taken to lunch by clients.	I would follow as instructed by other staff who said it was common and I have to obey, as trainee, I worry that disobey will affect my assessment
S10	Faced with accounts that are not fairly prepared.	Confronted the account clerk and manager.
S11	Manipulate account or performance in term of profit.	Reject the term and confirm whether its in compliance with act
S12	Manipulating client's performance especially in term of current year's profit.	Confirm whether the action/reported amount is in compliance with FRS, choose alternative that best serves the requirements of the FRS and the

Appendix 7.3: Students' Feedback on Ethical Experience During Practical Training

		client's interest.
S13	Whether to trust information provided by clients because some of the information has no valid supporting document.	Get certification from seniors whether I need to verify with the clients.
S14	The amount of share capital in balance sheet includes unpaid share capital. When compared to increased share capital during the year and cash available, they are not consistent. The client asked me to assume that the share capital is paid. I asked for the supporting document from the said transaction, but obviously the share capital is unpaid.	I then hand over this issue to my manager
S15	Asked to accommodate clients' needs as they are paying high audit fees.	Do nothing, as I am only practical trainee while the audit partner agrees to the idea. I am afraid if I say something, my assessment will be affected.
S16	Instructed to transfer transaction from the Private limited company to Enterprise Company for tax purposes.	Get guidance from the senior whether it is allowed.
S17	Faced with the management that pleases clients by doing audit following their need.	I merely follow the practice
S18	Whether to verify all documents requested by senior because some of the documents is either lost (by the client) or cannot be found.	Discuss with senior regarding the issue but will normally advised to change the sample.
S19	Going out with clients for meals seem to be common practice here.	I usually follow what others do and feel obligated to accept client's offer.
S20	The manager in the office always making complaint and we know he make secret profit. Many client always make fraudulent activity in their financial statement.	Make report to the staff at HQ office to take action.
S21	When client or customer wanted to alter the amount of figure in their financial statement.	Try to explain the consequences will occur in future in term of tax and profit.
S22	Go out together with clients for lunch hosted by them, they provide all food and drinks and entertain us.	As a trainee, I follow and obey instructions from seniors. If I refuse client's offer (food) it will affect the assessment and affect my employer's and university's reputations.
S23	When client wanted me to change some of information to show they have good financial position.	I told them about the rules and consequences of the change and I also inform the supervisor about this matter. To maintain as my professionalism I follow the laws and ethical decision.

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S24	Our client does not give any supporting documents to do the book keeping on the account for the company. Make and refer with gross margin from the last year report.	
S25	Came across suspicious journal entries and when clarification was asked from the client, the client failed to give convincing explanations	Refer audit senior and the audit senior takes over to obtain further clarifications from the client.
S26	Clients asked to ignore matters that they consider trivial.	Reported to managers.
S27	Asked to please clients.	Not able to do anything as I am merely a trainee. But the matter is referred to seniors or managers.
S28	To do or not, modify accounts...	just keep silent
S29	Whether to follow things asked by the clients or abide work ethics.	I use my judgement and sometimes discuss with other staff.
S30	There are some clients who did not co-operate with auditors.	I confront the clients and discuss the matters; what exactly they want.
S31	Clients wanted us to perform audit concisely, and not following the normal procedure. To accelerate audit process, the company provide other company's verification rather than providing the proper verification.	I follow the procedure as in the standard
S32	Did not carry out actual work ethics and too many frauds.	Follow managers and clients' demand
S33	There were clients who did not record clear expenditure and revenue. There were also hot-tempered clients who demanded for a prompt completion of accounts.	Asked clients to report the expenditure and revenue accounts with proper documentation.
S34	Clients have lots of hidden information.	Follow what the manager says.
S35	There were clients who violate the accounts principles. For example, they did not provide documents to prove their business equity.	
S36	Forced to follow clients' desires. Fear of losing customer.	Refer to manager
S37	To find supporting document, prepare accounting record based on client needed.	Ask client to get that document, discuss with client and solve it properly.
S38	There were clients who did not record expenses and revenue in detail. There were clients who were hot-tempered and wanted their accounts to be completed promptly.	Require clients to prepare expenses and revenue accounts in detail with supported documents.
S39	There were clients who did not record expenses and revenue in the record book. I am not sure whether the expenditure should be recorded or not as it involved a lot of	Went to see clients and discuss the matter, what clients needed with the expenses.

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	transactions and a large amount.	
S40	When clients deal with boss to reduce profit to reduce tax payment, so I have to increase expenses for the client's book keeping and adjust it.	Discuss with senior and boss.
S41	There were clients who violate the accounts principles. They did not provide documents to prove their business activity.	I asked my supervisor and he insist I made a note for the attention of audit department.
S42	Reducing tax liability of the client.	Make tax appeal and get some advice from my boss
S43	When the company is actually making a loss then they want the audit report shows some profit.	Just follow my boss instruction. Sometimes reduce the expenses or increase the stock.
S44	I was asked to increase profit for client for their own benefit. This is some kind of cheating.	I have to follow as I only a practical trainee.
S45	Reduced client's profit by adjustment their cash, reduced the payment of tax for client, give a 'true and fair view' for client audit.	Refer to manager and supervisor.
S46	Client make fraudulent activity in financial statement.	I refer to the senior audit to solve the problem.
S47	Discrimination of the work given between practical trainee from other race.	I'm try to put myself to interact with them.
S48	My boss treated the company's collection as he owns money. Use the practical students ability to perform the task but when client pay, the money given not address to the company but to his pocket.	I do a report to Head Quarter with a prove and all supporting document.
S49	Adjust the expenses to reduce the income, reduce tax payment, etc.	Ask the supervisor. Not happy but still have to do.
S50	The dilemma faced was how to help client to reduce the tax amount to be paid whereas the profit made by the company was too high and had to add the company's expenditure to enable tax reduction.	I did whatever I could and should for the company and suggested to spend on something which allows tax exemption, for example, donation and <i>zakat</i> .
S51	to make conclusion of testing as satisfactory as told by seniors even I myself not satisfied with the evidence provided by clients.	As practical trainee, I report to my seniors what are the problems I'm facing and would not make that conclusion. I would give to them to decide by themselves as I only assisting and report what necessary for their information in do auditing. Sometimes I put a note of what the situation really is in the working paper such as no evidence provided etc.
S52	Receive gifts from clients.	Obliged as instructed by supervisor.

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S53	Clients' personal expenditure was treated as company's to reduce tax.	I discussed with my supervisor to resolve the issue.
S54	While performing book-keeping, a lot of documents and information were suspicious and unrelated with the business. Faced problems when clients wanted to include all personal expenses in the company's accounts.	Discuss with other experienced staff and then discuss with boss.
S55	Perform book-keeping and then carry out then self-audit the accounts.	Discuss with the head of department to hand over the audit work to other colleagues.
S56	Receive gifts (hamper) from clients, offered to lunch with clients and colleagues.	I follow instruction for my supervisors who allowed me and colleagues to go out and lunch with the clients to maintain good relations between auditors and clients, this does not influence opinion in the auditing process.
S57	Clients asked for a higher company's expenditure to reduce tax.	Often refer to supervisors.
S58	Whether or not I record things that have no supporting documents and whether I should or should not increase the expense account in order to reduce taxable income in clients' accounts.	Call client regarding the matter and explain what should and should not be done. Then I consult my senior on the matter.
S59	Dilemma to make judgement on the existence of accounts or transactions created by the clients, ambiguous.	Discussed with supervisors to solve and contact the client to obtain the ambiguous information to be recorded.